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# CREDIT

*and Financial Management*

FEBRUARY, 1943



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**National Association of Credit Men**  
One Park Avenue New York, N. Y.

# CREDIT

## *and Financial Management*

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## ***"Circulating" Credit Men***

**C**redit management is a profession. It involves much more than a mere mechanical checking of accounts. Being a profession, sound credit management needs experienced judgment, keen analysis of up-to-date information and, not least of all, a human understanding. To fulfill his professional requirements, the best possible credit tools are needed by the conscientious credit executive.

But tools alone will not insure a good credit executive. He must know how to use them with judgment and understanding. That is what makes his work professional in character. Some people, unaware of the guardianship responsibilities of credit executives—extending as they do to the firm, the customer, and the general public—think of credit management as a mechanical process. But there can be no robot credit men!

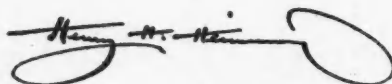
There can, by the same token, be no "circulating" credit executives. A credit man is firmly affixed to his company—an integral part of its management function—responsible for a large part of its goodwill development. If he were responsible to a number of creditor companies, there would be an anomalous situation—as though a lawyer tried to represent both plaintiff and defendant in the same case.

In recent years, a comparatively few firms, limited in their resources, have shown a willingness to have their credits checked by an itinerant credit man—one who handles or professes to handle credit policies on a service basis. This "traveling" credit man's interests must be so divided that he cannot conceivably serve all his employers properly. Such practice is not conducive to sound credit management. It does nothing to build up the credit profession. It can do much to tear it down.

Anyone can avoid bad debt losses by a straight-jacket credit policy. The real measure of a good credit executive is his ability to build, through conversion of the marginal risk into one of sound credit. In doing this he builds up his customers, his firm and sound business.

High ethics are demanded of credit management. To meet this standard, every business deserves its individual credit analyst, and if the business is deemed too small for a full-time credit manager, then this very important function should become part of the duty of some other ranking management officer.

These are responsibilities no business head can brush aside. The very life-blood, the continuity of his enterprise are at stake. They are seriously jeopardized, and the profession of credit management is undermined, by a penny-wise, pound-foolish credit outlook such as the concept of the "circulating" credit man implies.



Henry H. Heimann



## This Hasn't Happened Here—But

Incendiary bombs haven't rained on America yet—but annually thousands upon thousands of American homes are destroyed by fire. Many, undoubtedly most, of such fires can be prevented.

Remember, each burned home now represents destruction of essential materials. Insurance can only furnish the funds to replace them.

Loss of your home by fire thus means serious consequences to you and just that much loss to a fighting nation. Make it your wartime policy

to be fully insured and to Be EXTRA careful about Fire!

*Fire insurance normally protects your property. But today, unless you have War Damage Insurance, you are not protected against loss of home, business property or other possessions through enemy attack.*

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# Ratio Analysis as a Sales Aid

## *Some Danger Alarms to Be Found in Financial Statements*

**CFM** IT is not my purpose or intention to discuss the mechanics of financial statement analysis. In the first place, probably everyone is familiar with some form of analysis, and in the second place, to attempt to do so in so short a space would be foolish and useless.

After all, ratio analysis is simply a study of the important relationships that exist in a business, as expressed in its balance sheet, sales volume, expense and profits. It is an easy and clear way of expressing those relationships and a study of them. The method that may be used is not so important, so long as that method speaks clearly to the credit man who uses it.

For the purpose of this discussion, I have prepared two cases taken from our credit files. The one marked "Case B" shows the form we have used for years with some degree of success. It is an actual case, used with the permission of the merchant whose story it tells. Naturally I shall hold his name in confidence, but the figures are exactly as they came to me in his annual financial statements.

### **Many Merchants Lack Knowledge**

**M**ANY merchants in our line go into business inadequately equipped, either as to capital or experience, or perhaps both. Many of them have been clerks and salesmen with no experience in the financing or management of a business. Others may have been buyers in large department stores, accustomed to placing large orders within the budget given them by the merchandise manager. These men often find it extremely difficult to scale down to the operations of a small business, or to live within its capital limitations.

Such merchants may know much about buying and selling merchandise, but nothing at all about the delicate balances which must be main-

By A. T. WOODWARD,  
Assistant Secretary, United States  
Shoe Corp., Cincinnati.

tained if a business is to be successful.

For such a man to attempt to run a retail business is a good deal like the sailor, who with no instruments or knowledge of navigation, tries to bring a ship across the ocean and into port. He may make it, but the chances are certainly against him. He needs a navigator, properly equipped, and the merchant needs accurate figures on his business and the knowledge to read and understand those figures. The up-to-date credit man can be his navigator to a degree that may well mark the difference between failure and success.

I think it is possible to classify the things which may be wrong with a business under one of four headings. First, the capital may be entirely inadequate even though it is invested wisely and in proper proportions. Then it may seem that capital is inadequate when as a matter of fact it is not, but is rather improperly distributed, either in top-heavy inventory, excessive receivables, or too much fixed investment such as buildings, fixtures, etc.

### **Two Great Dangers**

**I**N addition to these four troubles, any one or more of which may be present, there are the two operating difficulties that so often beset a business and cause it to be unsuccessful. These, of course, are inadequate gross profit or excessive expense.

It seems to me that the credit man who is alert and conscious of the possibilities of his office, can be of tremendous aid to merchants who are finding it difficult to make satisfactory progress. We talk about the

"credit profession," but often, I fear, fail to put our work on a truly professional basis. I would like to give you the definition of the word "profession" as it appears in Webster's New International Dictionary. This is the definition: "A calling in which one professes to have acquired some special knowledge, used by way either of instructing, guiding or advising others."

The credit executive who thoroughly understands the pitfalls that so often beset the merchant, and who is trained to quickly and surely detect those pitfalls by the intelligent use of ratio analysis, is certainly in the position of a professional man, provided he uses that special knowledge for the benefit of the merchants who are in need of his advice and guidance. To me, the use of the knowledge which I gain by constant contact with the affairs of so many customers, is the one thing that makes credit work the most interesting in the field of business.

### **Try to Aid "Little Fellows"**

**I** DO not wish to give the impression that we work out a cooperative analysis sheet on all our customers. The great majority of the merchants we sell are strong financially and successful. It would be a waste of time to go to this trouble with such merchants. A careful reading of their balance sheets and payment records, from time to time, is all that is required.

Like most other houses, however, we sell many dealers who have not become successfully established. They are entitled to a chance to succeed, and so we like to work with them and try to help them to become successful and substantial merchants and customers of our house.

We have been able, through this cooperative analysis method, to be of

help to a great many of them, and to gain their friendship and goodwill.

We believe these records tell us not only a man's capital position, but equally as well, his capacity or ability to use that capital wisely. When you understand both the capital and the capacity factors then you have your credit situation well in hand.

If financial statements are not available to us through the mercantile agencies, then we ask the customer to send them direct on our own form. We have found it possible to secure splendid cooperation in this respect, by tactful and pleasant suggestion. Hundreds of our customers send their statements to us regularly every year, many twice a year, and some even more frequently.

Always Comment on New Statements

It has been our invariable practice to comment on these statements, either favorably or unfavorably, as the circumstances require. While occasionally, at first, some customer may be inclined to resent our comments, he invariably, in time, comes to appreciate them. The great majority of those to whom we send comments and suggestions, welcome them, and many invite them, some even ask us for copies of our analysis sheets.

In making an analysis, we not only watch the comparison of the customer's ratios with typical ratios in that particular line, but what is even more important we watch the trend year by year. It is not difficult to see in what position a dealer may be at any statement time, but it does become of vital concern and interest to determine by past performances, where he is headed. It is here that the clear picture of a cooperative statement analysis, simply expressed in ratios, becomes so very valuable.

It has been my observation that by far the most frequent cause of business troubles, in our line, is an over-

"CASE B"				
	Statement No. 1	Statement No. 2	Statement No. 3	Statement No. 4
<i>Assets</i>				
Cash .....	178	1,690	1,136	1,793
Accounts Receivable .....				
Merchandise .....	20,154	33,607	25,341	28,895
Current Assets .....	20,332	35,297	26,477	30,690
Fixtures, etc.—Less Dep'r.....	3,768	5,715	5,429	4,018
Real Estate .....				
Building Improvements .....				
Fixed Assets .....	3,768	5,715	5,429	8,021
Notes Receivable (Officers) ....	2,436	94	119	65
Total Assets .....	26,536	41,106	32,025	38,777
<i>Liabilities</i>				
Accounts Payable .....	8,304	15,670	2,971	2,638
Accrued Expense .....	100		318	627
Notes Payable—Bank .....	1,650	2,950	2,500	2,000
Current Liabilities .....	10,054	18,620	5,789	5,265
Other Liabilities .....				
Total Liabilities .....	10,054	18,620	5,789	5,265
Net-Worth .....	16,482	22,486	26,236	33,512
Annual Sales .....	107,549	203,601	170,235	195,433
Annual Expense.....				
Fire Insurance .....	Full	Full	Full	Full
<i>Typical Ratios</i>				
Current Ratio .....	300	203	190	458
Worth Debt .....	300	164	120	454
Worth Fixed Assets .....	350	437	389	484
Sales—Fixed Assets .....	1200	2855	3555	3139
Sales—Merchandise .....	350	535	606	672
Sales—Receivables .....	2500			
Sales—Current Debt .....	1000	1075	1093	2941
Sales—Worth .....	330	653	905	653
Expense—Sales.....	30.1			583

investment in inventory. This, of course, makes it difficult for the merchant with small capital to pay his bills promptly, and usually results in injury to his credit standing and the loss of cash discounts. In addition, he is forced to sacrifice merchandise to secure funds with which to satisfy impatient creditors, and so fails to realize a livable gross profit over the year's operations. In other words, such a condition is a three way menace to his business.

This is a subject on which I dwell at length in writing to customers

whose analysis shows a definite and persistent tendency to overstock. I have frequently, in former years, gone so far as to actually sit down with a dealer, in his own store, and work out a complete purchase control plan, based on his past sales and anticipated requirements. In fact, we had a form which we supplied to many dealers, with full detailed instructions.

At this point, I am going to ask your indulgence while I refer to one such case, to illustrate what I am talking about. Please refer to "Example A."

While these figures are given out with the consent of the customer, I am not giving you the figures from his balance sheets. They show such a remarkable performance that they might be recognized by some and that would not be fair to the dealer. The ratio figures tell a complete story in themselves.

This man operates leased shoe departments in department stores and

"EXAMPLE A"			
Typical Ratios	Statement No. 1	Statement No. 2	Statement No. 3
300 Current Ratio .....	199	173	577
325 Net Worth to Debt.....	102	78	509
375 Sales to Merchandise .....	222	192	508
1000 Sales to Current Debt.....	424	310	2691
400 Sales to Net Worth .....	418	400	529
During the two years elapsed between statements No. 2 and No. 3, sales volume increased by 41 percent while value of inventory decreased by 47 percent.			



has practically no fixed investment and no accounts receivable, so no ratios appear on these items. In the first column are typical ratios which we were using at that time for this type of business. You will see in statement No. 1 how far this man was below those typical ratios in four of the five figures shown. All were directly attributable to a top-heavy inventory which was all out of line with sales and caused a dangerously unbalanced debt position as compared with current assets, with net worth and with sales. Payments were very slow as a result. At the same time, this man was not lacking capital, as is shown by his Sales to Net Worth ratio which was normal. His capital was adequate, but improperly invested.

#### Creditors Owned the Business

**S**TATEMENT No. 2 which was actually two years later indicates a downward, or unfavorable, trend and a really very dangerous position. His own investment in his business was only 78 per cent of that of his creditors, which is an uncomfortable position to say the least.

Knowing how capable this man was in developing sales and having a high regard for his natural ability, we decided to go along with him if he would operate according to our plan. I worked out a complete purchase control system for him and secured his enthusiastic cooperation in making it work. I will quote from a letter he wrote me just three months later.

"I am happy to tell you the budget you have installed is working wonders for us. We can see ourselves getting into shape. It will only be a matter of this season and then we will be in position to take care of all obligations on time."

At the end of his first six month period following the installation of his purchase control plan, he sent his statement and wrote me in this way:

"I realize now the most important thing in our business today is turnover, low inventory and less liabilities. That is the one aim I have and I will control it."

In other words, this man was now determined to beat the very thing which has so nearly beaten him.

#### Sales Up; Inventory Down

**H**OW successful he was is shown in the statement No. 3 which again is after a period of two years.

Please note particularly that in those two years' time, he had increased his sales volume by 41 per cent, but that his inventory at the end of the two years was in actual dollars and cents, 47 per cent less.

I have numerous letters from this man here in my file asking for my comments and for copies of my analysis sheet. He is today one of the outstanding shoe merchants of this country and one of our very finest and largest customers—and I am happy to say—my very warm and personal friend.

Sometimes we find a very heavy fixed investment which is holding a merchant back and causing him to be slow pay. This is harder to combat, of course, but I have at times succeeded in persuading merchants to secure long term loans on real estate and thus relieve the current situation. I have, in fact, persuaded a few to actually dispose of real property and thus reduce debts and achieve a discounting basis.

Then again we sometimes must warn a dealer against the dangers of growing and slow-turning receivables.

#### When Capital Is Short

**O**NE of the most difficult things to combat is actual shortage of capital, where it is wisely invested and in proper relationship to sales. Sometimes if a business is large enough to support a partner, I have succeeded in inducing a dealer to improve his position by taking in a partner who can supply the needed additional capital and at the same time take an active, working part in the business.

Sometimes a dealer may find that certain lines or departments are unprofitable and unnecessary and can be discontinued, and that investment used to reduce debts. I have had dealers actually close stores, where several were being operated, in order to properly finance those which offered the greater opportunity. As a matter of fact, "Case B" is just such a case.

At the time of statement No. 1, this corporation was operating three retail shoe stores. While their current ratio and their net worth to debt ratio showed poorly in comparison with typical ratios for retail shoe stores, and the sales to net worth ratio also indicated that they were asking a good deal of their capital. In a very considerable degree, this was overcome by their very fine merchandise turn-

over and the fact that they were doing a strictly cash business.

All four statements are two years apart. At the time of statement No. 2, they were operating five stores, and at that time they were really extending their capital to the limit of safety. This is clearly shown by the same three ratios—that is current, net worth to debt and value to net worth. Their payments, too, were beginning to drag to some extent. Notice the large increase in trade indebtedness.

#### Came to Consult the "Doctor"

**U**PON receipt of that statement, I wrote them a long letter pointing out the dangers of their situation and urging them to secure additional capital. A very interesting and pleasant exchange of letters followed with the result that these two men, of their own volition, came to Cincinnati to discuss their affairs with me at length.

They told me they were unable to place additional capital in the business and did not care to take in outside capital. It was suggested then that they should perhaps give up a store or two and concentrate on the ones which offered the greater opportunity. I would like to quote from a letter I received from them after they returned home: "It was a real pleasure to meet you. Our trip to Cincinnati was for that purpose, as through correspondence and hearsay we had learned to admire you. That admiration has grown since, and we feel as though you are our company's doctor."

During the next year, they did actually close two stores, and, by the date of statement No. 3 were down to the three stores which they now operate. Statement No. 4 shows the fine progress they have made and the excellent position they enjoyed at that time. Since then, they have continued to make fine progress each year and are now a very prosperous concern.

During all these years since our first conversation, they have requested my comments on every statement sent me and, for their own information, have maintained a comparative analysis sheet on our form. It is today one of our very valuable accounts.

#### A Good-Will Builder

**T**HESE two cases I have used are typical of a great many others in our files, in which we have been able  
(Continued on Page 32)

# The Psychology of Credit Letters

## *How to Offer Constructive Advice*

By HELEN M. SOMMERS  
*Credit Manager,  
Trojan Hosiery Mills, Indianapolis*

ON

To advise, or not to advise is a question that probably would not have worried Hamlet, had he been a credit man. Being an idealist, he probably would have dispensed lectures on financial management indiscriminately to his erring customers, whether they wanted such advice or not.

At the opposite extreme is the credit man who will not make a timely and well-directed criticism, because he is afraid he will anger his customer, and lose his account, when as a matter of fact his advice could avert disaster and preserve for his house an account it might otherwise lose to the bankruptcy courts.

Naturally, to promote the welfare of customers and the continuity of their business is a matter of self-interest to any business house, and to promote the soundness of our economic life by constructive work in specific situations is the credit man's public duty.

### Do Not Antagonize Customer

IF you give your customer unsought advice without first preparing the ground for the seed, isn't it cleared that hurdle however, and can succeed in directing his thinking along lines that result in an improvement, you have earned a friend.

Your help can take many forms. You can criticize his financial statement, and suggest ways of controlling unfavorable factors, such as an inventory that is too heavy. You can offer to supply him with statistical and analytical data from your files. You can suggest ways of securing new capital; or of reducing expenses that are out of line. You can write collection letters for him to send to his slow accounts.

The following pages discuss ways and means of avoiding antagonism, and of leading your customer to accept your advice in good part. This discussion is divided under three general headings. These are:

*Preserve His importance.*

*Meet Him on a Basis of Equality.*

*Appeal to Self-Interest.*

### Preserve the Customer's Importance

JUST as in other situations where criticism is necessary and pride is consequently in danger of injury, fortify your customer's feelings in advance by confirming his importance in other respects.

#### *Examples That Preserve the Customer's Importance*

These Mention Good Points First.

I notice that your sales have increased substantially since previous statement was issued.

You have improved your situation by reducing your current debt substantially.

I see that you are securing a good merchandise turnover.

Your new statement indicates that you are holding your own.

Since you are maintaining your volume, the reduction of your receivables tells me that you have been going after some of those slow accounts.

The way you have controlled your affairs during this period of stress certainly shows capable management.

These Give Him Credit for Intelligence of his Own.

No doubt it has already occurred to you that . . .

No doubt you have already recognized the need for concentrating upon your collections in order to reduce your own indebtedness and bring about a more liquid condition.

You have no doubt already given some thought to the relationship between your inventory and your sales.

In analyzing your statement we have noted several points which have probably also occurred to you.

You, of course, recognize the weak points of your statement as well as the strong ones. It occurred to us that . . .

We mention these features of the situation not because you haven't recognized them yourself, but because we want to discuss the relationship they bear to each other.

Undoubtedly you have been thinking about . . .

### Meet Him on a Basis of Equality

IF you give your customer unsought advice without first preparing the ground for the seed, isn't it natural that he should say to himself, "Well, of all the - - -! Just wait until I write this fellow a letter. Telling me how to run my business! He thinks he knows more about it than I do!"

Consequently you must be careful not to give the impression of a feeling of superiority. It antagonizes. Neither can you belittle yourself, for inferiority invites contempt, and your advice will have no weight.

Strike a balance, and meet him on a basis of equality. Acknowledge his practical experience, his past success, and the fact that he knows all about his business. On the other side of the scale, put your own qualifications for offering suggestions—your experience in analyzing

financial situations, the statistical data available to you, your objective position. You may say that you don't know a thing about the practical angles of merchandising, from the point of view of experience, and then go on to mention modestly the basis upon which you do make your comments.

Remember that the essence of tact is never to violate the other fellow's feeling of importance.

### **Examples That Show How to Meet Him on a Basis of Equality**

These Confirm his Knowledge and Experience.

Please do not think I am trying to tell you how to run your business. Naturally *you know infinitely more* about it than I possibly could. On the other hand . . .

*Your long experience* in merchandising has given you a vast fund of practical knowledge which I never hope to have on the subject. At the same time . . .

Naturally *your practical experience* is better than any theoretical knowledge I might have; nevertheless,

I haven't for a moment lost sight of the fact that you *know a great deal more* about your business than anyone else could. It occurred to me, however,

Naturally *you know your own problems*. From our viewpoint, however,

These Qualify You to make Suggestions.

From an objective viewpoint,

As a suggestion from *the point of view* of an outsider,

An outsider usually *sees things from a different angle*, and places a different emphasis upon certain aspects of a situation.

Sometimes an *observation from an outsider will bring* into focus certain aspects of a situation and stimulate a fresh line of thought about it.

Of course, *my experience is* from a different point of view.

I offer these suggestions for what they may be worth, out of the *experience I have gained* from analyzing and comparing many retail financial and operating statements.

In watching the ups and down of many retail businesses I have gained a certain amount of experience.

We have a very comprehensive file of statistical information on retail operations prepared by Dun and Bradstreet, which you may find interesting.

You might like to see how your operating figures compare with statistical information developed by Dun and Bradstreet for specialty stores of your type.

### **Appeal to Self-Interest**

Show that You Want to Help Him.

If your customer is convinced that you are interested in his welfare, you have gained his confidence.

Show How He Will Benefit.

It is the benefit he secures that makes him act, and if his attention is absorbed by the benefits he will secure, he will forget about your boldness in making the suggestion.

### **Examples of the Appeal to Self-Interest**

I would not venture to offer these suggestions if

I were not so vitally interested in the welfare of your business.

We are *interested in your success* and want to contribute to it in any way we can.

We have only one motive in mind in making these suggestions—that of *being of service to you*.

We are always interested in the *success of our customers'* business because we know that what we do to help them reflects back to us as their source of supply. If our suggestions are of any help, feel free to call upon us any time.

The release of funds through such a sale would put you back on a discounting basis, and you know it is those purchase discounts that really add substantially to *your yearly profit*.

If you could put on a sale and bring your stock down about 25% that would reduce your indebtedness too, and bring your *whole situation into a healthier status*.

Of course, as you know, with such a large inventory *you are exposed to loss* from obsolescence, and a possible drop in the market. If you will restrict your purchases for the next few months that will bring both your inventory and your indebtedness into better line.

As long as you are restricted by a small working capital, we believe it would be *to your advantage* to work toward reducing your inventory and securing a more rapid merchandise turnover.

With money rates as they are today, it seems to me that you should be able to *save some interest* by refinancing your real estate loan through another source.

We hope the enclosed letter which you requested will *help you collect some of your outstanding accounts*. It is only a rough draft which you can revise to suit the customers to whom you send it. I know you are anxious to release some of these funds which you have tied up in slow receivables.

### **Analysis of Paragraphs Below**

- Par. 1 Mentions a good point first; gives him credit for intelligence of his own.
- Par. 2 Mentions a good point first; gives him credit for recognizing the unfavorable situation; appeals to self-interest.
- Par. 3 Qualifies you to make comments; gives the customer credit for intelligence of his own.
- Par. 4 Justifies the suggestion; appeals to self-interest.
- Par. 5 Meets him on a basis of equality; balances modesty with authority.
- Par. 6 Justifies the comments; appeals to self-interest.
- Par. 7 Gives him credit for intelligence of his own; meets him on a basis of equality.



## Practical Paragraphs

1. I notice that *you show considerable improvement* in your situation since your previous statement. Your merchandise inventory is still somewhat heavy in relation to sales, *as you no doubt recognize yourself.* \*
2. Your merchandise *turnover is unusually good*, but you are handicapped for cash because your money is tied up in past due accounts which your customers owe you. I am sure *you have already recognized* the need for action on these accounts, and *if we can be of any help to you* in devising ways of collecting them, don't hesitate to call upon us. \*
3. In studying your profit and loss statement, I notice that your advertising expense is considerably higher than the average for businesses of your kind, *according to Dun and Bradstreet* statistics. Of course some particular situation may make this necessary. *You know your own problems.* \*
4. If you care to avail yourself of statistical information which we have on file on retail operations, feel free to do so. It has been compiled by Dun and Bradstreet, and offers an objective means of comparison which sometimes brings certain aspects of a situation into focus in a way that is helpful. \*
5. *I don't know a thing about merchandising* from a practical viewpoint, but I offer these suggestions about the *financial aspects* of your business out of *the experience I have gained* from analyzing and comparing hundreds of financial statements, and in watching the ups and downs of many retail businesses. \*
6. Once in a while a suggestion of this kind *from an outside point of view is helpful*, and it is in that spirit that I have mentioned what occurred to me in studying your statement. \*
7. *I don't suppose for a moment you haven't thought about these things yourself.* Sometimes, however, an observation *from an outsider* will place emphasis upon a certain factor, and stimulate a fresh line of thought about it.

### Analysis of Letter Shown Below

- Par. 1 Thanks him and confirms his importance.
- Par. 2 Mentions a good point first.
- Par. 3 In introducing the criticism, gives him credit for intelligence of his own; appeals to self-interest.
- Par. 4 Meets him on a basis of equality; establishes grounds for making suggestions.
- Par. 5 Confirms his importance again, by leaving room for his opinion.

## Letter to a Customer Whose Inventory is too High

Dear Mr. Blank:

I want to thank you for taking time out to send me a financial statement and write me a detailed letter in the midst of the pressing duties that are incident to the chairmanship of a committee such as you mention.

I know it is gratifying to you that you held your own during this past year, and even made a small profit. With business on the upswing that will undoubtedly be substantially larger this year.

There is one thing that occurred to me in studying your statement, as it no doubt has to you, too. While your capital is entirely adequate for your business, so much of it is tied up in an inventory which, in my opinion, is too heavy, even in view of a probable increase in sales. If your stock could be brought down to a point where you could show a turnover of about  $3\frac{1}{2}$  to 4 times, this would solve the problem of retiring your indebtedness more promptly.

Please do not think I am trying to tell you how to run your business. I don't know the first thing about merchandising, but I do have an opportunity to study and compare hundreds of statements that come in here from all types of businesses. Once in a while a suggestion of this kind coming from the outside is helpful, and it is in that spirit I have mentioned what occurred to me.

What is your opinion?

Yours very truly.

### Analysis of Another Letter on Inventory

- Par. 1 Thanks him; acknowledges improvement.
- Par. 2 Further acknowledges improvement, before mentioning adverse features of statement.
- Par. 3 Introduces the criticism.
- Par. 4 Ties the criticism up with an appeal to self-interest.
- Par. 5 Establishes his importance; meets him on a basis of equality; establishes your qualifications for making suggestions.

## Another Letter Where Inventory is too High

Gentlemen:

Thank you very much for your letter of May 10, and your April 30 financial statement giving effect to \$14,000 additional capital which has been used to reduce your bank indebtedness.

The additional capital greatly improves your current position. Is the \$3,000 reduction in surplus the result of an operating loss?

I know you won't mind my commenting rather freely upon one feature of your statement which is somewhat disturbing to me. It was evident on the January statement, also. I refer to your inventory.

Based on last year's volume of \$158,000 for your four stores, an inventory of \$60,000 is at least 30% too high. You have a net working capital now of \$28,000 and yet your inventory is more than twice that amount. Retail sales have not been any too good for the first three months of this year, and you can hardly count upon any general upward trend. If you will permit

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# Competition and the Free Enterprise System

## *What Will Be the Type of Our After-the-War Economy?*

By DR. CLYDE WILLIAM PHELPS

*Head of the Department of Economics University of Chattanooga*

**U**N It is said that already at least 125 government and other agencies are busy with plans for after-the-war. Apparently we are going to have a planned economy whether we like it or not.

Of course, the idea of a planned society, in contrast with a free enterprise system which may seem to be disorganized, functioning badly, and getting nowhere, possesses attractive features. But let us think clearly and dispassionately for a few minutes about the main problems involved. Whether or not planned economy would actually prove to be desirable in the eyes of any particular individual will depend upon how satisfactory to him are the answers to such questions as the following:

First of all, who is going to do the planning? People naturally differ in their likes and dislikes and therefore in their concepts of the kind of a planned society which would be satisfactory to them. It would be inevitable that, whoever does the planning, the result is bound to be unsatisfactory to many, so that the promise of a bright new world wherein everyone is contented and happy is not possible of achievement. Those who are most enthusiastic about the creation of a planned society generally assume without question that it is they who are to do the planning for the rest of us.

### Who Will Select the Planners?

**B**UT how are the planners to be chosen or selected? In the case of the United States, the Congress might do the planning either directly or through its own committees, the legislators endeavoring to follow the wishes of their constituents, or those pressure groups in their territories which are most powerful in voting strength. On the other hand, the

planners might consist solely of persons appointed by the Executive to formulate their own plan which would be duly accepted by the Congress.

For whom would the planning be done? It is generally assumed in all discussions of a planned economy that the planning would be done in the interests of *all* the people. Realistic thinking, however, will suggest that this is hardly possible. Planning in the case of the Nazi-Fascist states has been for the benefit of an abstract warlike personage, the nation (conceived of as Germania or Italia), and at the expense of everyone in these states except the party leaders. Planning in the case of Russia, while ostensibly for the masses as a whole, has been for the benefit of those three million out of the 190 million population who are members of the Communist Party.

### Will the Minority Be Favored?

**I**N a democracy, like the United States, it is logical to assume that the planned economy would be shaped so as to benefit one or more powerful minority pressure groups at the expense of the rest of the citizens. It should be clearly understood that in such a democracy it is not at all necessary to plan the economy for the benefit of even a majority in order to continue indefinitely in power.

In the first place, only part of the population having the voting privilege actually vote. Secondly, a political party in power can count upon many millions of votes from those of its followers who are stand-pat or predudiced adherents (whose fathers and grandfathers have voted the same ticket, etc.) and who will continue to vote for the party because of "principle" even though

they receive no direct or tangible benefits. In addition to this group, which may be larger than the stand-patters affiliated with any other party, the party in power may count upon many millions of votes from federal, state, and local employees who owe their jobs to the party. Then, in order to be assured of enough more votes to constitute a majority of those actually voting in an election, it is only necessary to have planned the economy in such a way as to greatly benefit one or two powerful minority groups.

It might be thought that it would be better to plan the economy for the benefit of all voters so that more votes could be secured. But the answer is that additional votes are not needed, and that in order to satisfy the few minority pressure groups whose all-out support is needed, benefits and privileges must be accorded to them which can be given only at the expense of the rest of the people.

### Government by Pressure Groups?

**T**HE fact is that significant changes have taken place in the political aspects of American democratic government. Looking back, it seems that in the old days pressure groups were fewer perhaps and generally less powerful in enforcing their demands. Today the situation is quite otherwise. It would seem that whether or not a given individual would be satisfied with a planned economy will generally depend upon his being in or out of the pressure group or groups in the interest of which the economy is planned.

How thoroughgoing will the planning be? Usually the description of the planned economy for after-the-war are couched in generalities so as to gain as much popular support

as possible. One planner, for example, sees every citizen of the world walking down the road with a quart of milk under his arm. Others promise to avoid inflation, to furnish full employment, to maintain purchasing power, etc.—all quite appealing objectives. Still another promises four freedoms to every person in the world, but no mention is made of the most important freedom of all—that of free enterprise.

### Where the Minority Is Strong

IT should be plainly understood that you can have all of the four freedoms mentioned in a planned economy which is run for the benefit of one or more powerful minority pressure groups at the expense of all the rest of the people, or in a totalitarian state (Russia claims to have all of these freedoms), or even in a slave state. That is to say, you can let people speak and think as they like, worship as they please, and keep them free from want and fear in a benevolent dictatorship or a slave state. Of course, abolition of freedom of speech makes autocratic rule easier. But recent history has shown that widespread freedom of speech and overwhelming protests on the part of the majority of the citizenry against abuses committed by a given powerful minority avail nothing if that minority is a major source of the strength of a political party in power.

### What to Do About It

THERE are many who feel that the four freedoms referred to must be based upon the fifth or missing freedom—freedom of enterprise—to be meaningful to Americans and to preserve the American Way of Life. It is encouraging to note, therefore, that some of the most influential planners are not in favor of such thoroughgoing planning as would destroy the free enterprise system. Their idea of planning is that the Government should act mainly as a balance wheel to help the system function more effectively. We cannot foresee whether this concept will be actually adopted or whether the free enterprise system will be abandoned in favor of an all-out planned economy. But the free enterprise system is threatened with extinction today as never before in our history.

What can businessmen do toward helping to preserve our free enterprise system? They can accept the responsibility to compete more freely and fully. Competition is the major economic force which we rely upon in our free enterprise system to make the system work effectively and to satisfy the great mass of people.

Competition among buyers and among borrowers protects sellers and lenders from the unremunerative prices they would have to take if they dealt with a governmental or other type of monopoly. Competition among sellers and among lenders assures buyers and borrowers the largest possible amount of improved goods and services at the lowest possible prices consistent with a normal profit. Thus, because of competition the free enterprise system, or the American Way, has worked so as to pass on its benefits to the consuming public and to satisfy the great majority of our people.

But "Competition is dead; competition is no longer really effective," is the charge which has been made increasingly during the past decade by critics. Therefore, they argue, we should abandon the free enterprise system and shift into some kind of regimented or collectivist economy.

### Whose Ox Is Gored

IT is true that while enterprisers say "Competition is the life of trade," they often act as if it were the death of their own businesses, and try to hamper its functioning. Perhaps competition seems to them to be the life of trade, and a good thing, when it occurs among those from whom they buy or among those to whom they sell. But competition experienced by a seller or lender from other sellers or lenders may not always be viewed as a blessing.

One way for an enterpriser to escape the effects of competition is to secure a monopoly or to form a combination with competitors. Instead of trying in this way to escape from competition, it is much easier if the enterpriser merely wishes to avoid the full force of competition. This he can do by making his product or service a little different from those of his competitors, or by stating his prices and terms in a way which makes it difficult for customers to compare them easily with those

quoted by his competitors. The resulting situation is not a real monopoly but rather a condition of "monopolistic competition," or imperfect competition. Here, to the extent that consumers are not informed enough to be able to compare intelligently the goods or services offered by competitors, competition is not fully effective in passing on the benefits of the free enterprise system.

### The Buyer Should Decide

THE remedy is not, as some critics claim, to abandon our free enterprise system. Nor would it be in the real interest of all to discourage differentiation by competitors in their goods and services. Instead, the preferable solution is simply for sellers and lenders to provide enough specific information about their offerings so that buyers and borrowers may be able to really compare the competing products and services. For example, the Federal Government has begun recently to make use of label regulations to require that certain specific items of information shall be stated for the consumer's benefit on the labels attached to certain products. This should make it possible for consumers to enforce a fuller degree of competition among sellers.

Undoubtedly this movement to require information sufficient to enable consumers to make competition work more effectively will in time be extended to the field of consumer loans. In this field competition among enterprisers is even more imperfect than in the case of consumers' goods. This is because the loan services offered not only differ (as do consumers' goods put out by different sellers), but in addition the prices or charges are stated in so many different ways that no average consumer-borrower can compare them intelligently. Thus, consumer loan charges are stated by competing lenders in the form of: discounts on original balances, interest on monthly balances, combinations of a percentage discount plus investigation fees expressed in dollars, rebates, fines, insurance charges, penalties, etc.

To compare the figures quoted by various lenders, the consumer would have to reduce the total

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# Effect of Business Interruption Upon Credit

## *Many Expenses Do Not Stop While Fire Damage Is Repaired*

By E. D. SCHANE

*Regional Manager, Royal-Liverpool Groups,  
Atlanta, Georgia*

WHEN we are told that during the past 90 days 88 industrial plants were destroyed by fire, we accept this information with a degree of complacency which indicates we fail to realize that the impairment involved delays production, destroys valuable supplies and hinders the Victory program.

In most of these cases the waste and impairment are needless, for as a rule destruction of property by fire could have been prevented if the proper steps had been taken. This fact is constantly emphasized by the National Fire Protection Association, the National Board of Fire Underwriters, and other organizations working toward a similar end. However, lack of interest, carelessness, and a disregard of the lessons to be learned from the misfortunes of others continue to make it possible for fire and other perils of a preventable nature to attack and destroy millions of dollars in property values almost daily throughout the United States.

### Fires Affect Many Others

WHEN coldly contemplated, severe damage to or destruction of 88 industrial plants by fire within 90 days is staggering from an economic and a production standpoint. This is particularly so when *production* is the cry of the year.

However, 88 is but a fraction of the total number of stores, factories and other business properties which are damaged or destroyed by fire within such a period. Where such damage or destruction occurs, not only is the direct or indirect contribution the business is making to the war effort impaired or interrupted, but the very future of the business itself is jeopardized.

Thus, fire is a constant menace to the safety of business property, regardless of where the property may be located or the nature of its con-

struction. Nevertheless, the economic loss which may result from damage or destruction of property by fire, or by other peril, may be safeguarded through the medium of insurance. Most business concerns carry fire insurance with respect to their physical values. Some concerns are far-sighted enough to carry insurance against loss or damage by other perils, such for example, as wind-storm, explosion, riot and civil commotion, and vandalism. However, only a comparatively small number of these concerns maintain *adequate* insurance, regardless of whether it covers against fire or other perils, in relation to the values at risk.

### Big Increase in Values

ONE of the current reasons for an inadequacy of insurance protection is the abnormal conditions of today. We are at war, and the circumstances of war invariably produce increased costs. As a result, all types of property have increased in value so rapidly in the last year or so that insurance effected some time ago is insufficient to protect the values involved at this time unless proper appreciation in value has been considered and the insurance arranged accordingly.

Illustrative of this is the fact that if a building constructed in 1933 at a cost of \$150,000 were to be duplicated today (assuming this were permissible), the cost would be around \$250,000; or, a structure erected as recently as 1939 or 1940 would cost approximately 25 per cent more if it were duplicated at this time. Similar facts prevail with respect to machinery, equipment, and fixtures. In fact, at an auction of second-hand machinery some time back, machines which were from 20 to 50 years old

brought from 50 per cent to 95 per cent of the *current day* prices of *new* machinery of the same type. Similar distortions are to be found in many stock inventories.

It is obvious, therefore, that when fire losses occur in situations like these, if existing insurance has not been brought in line with present-day values, severe penalties may be inflicted upon the owners, particularly if the insurance involved is subject to a coinsurance clause or agreement.

### Loss of Business Income

CONFINING this discussion primarily to the peril of fire, since most business concerns carry fire insurance with respect to their buildings, machinery, equipment, and stocks (even though in many instances such insurance protection, as previously pointed out, may be inadequate), the greatest disaster by which such business or industrial concerns may be faced today is the loss that follows a fire—that is, the loss of business income.

Every business property has two values: (1) its capital or investment value; and (2) the earnings value, that is, the income which it is capable of producing. It is logical to say that the latter value is just as important as the former, and in fact we probably could not be successfully challenged if we said that the real worth of any business property is to be measured by earnings it produces or is capable of producing, for after all, such a property without earnings becomes a "white elephant," regardless of its cost.

Whereas, no prudent business man should think of being without adequate insurance with respect to the investment represented by buildings, machinery, equipment, and stock, neither should he fail to carry adequate insurance with respect to the earnings or income arising from such physical property.

## Business Interruption Insurance

THE foregoing comments indicate that there are two types of insurance which every business concern should carry. These are: (1) Property Damage insurance, that is, insurance designed to indemnify the insured for the direct loss resulting from damage to or destruction of physical values; and (2) Business Interruption insurance, that is, insurance designed to indemnify the insured for the actual loss sustained as a result of impaired or prevented earnings of the business as a consequence of direct loss or damage of the physical property (buildings, machinery, equipment, and stock) by a peril insured against. Under the latter type of insurance, when the coverage is properly arranged and carried in an adequate amount, the insured is protected for the actual loss sustained as a consequence of impaired or prevented earnings from the date of the loss until the damaged or destroyed property can be repaired or replaced.

The seriousness of loss of earnings frequently is not realized. The average person, seeing only the destruction of physical property, does not stop to contemplate the earnings loss that follows as a consequence where business property is damaged or destroyed by fire or other peril. However, from a business standpoint it is essential to recognize that during the period of interruption, if the business is to be continued after replacement and repairs have been made, it is necessary for the organization to be maintained as nearly in-



*This was once the record storage room of a going business. There were many headaches while these remnants of records were being replaced.*

tact as circumstances may require and that the credit standing of the business remain unimpaired.

### Expenses To Be Met

ANY such procedure requires ample funds during the period of interruption to meet salaries, taxes, interest, and other expenses which continue regardless of whether any business is being transacted or not. In addition to such unavoidable continuing expenses which must be met is the loss of net profit that would have been earned by the business, had there been no interruption.

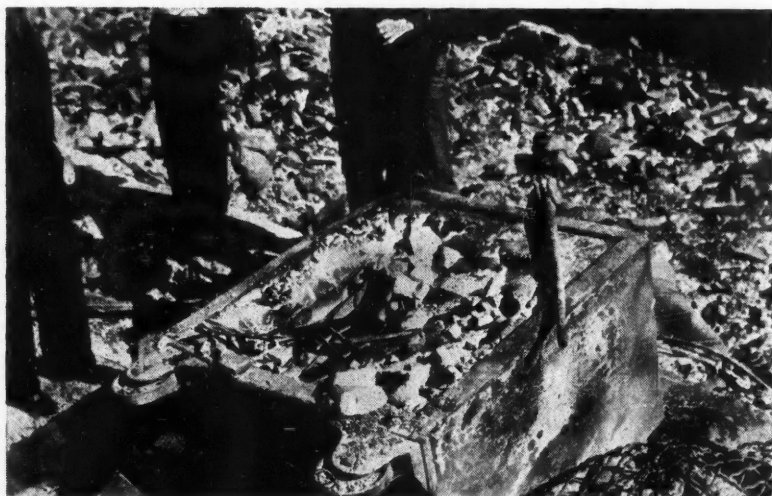
Thus, even though a concern's physical values are fully protected by insurance, if no Business Interruption insurance is carried, the con-

cern, if its business should be interrupted as a result of damage to or destruction of the properties occupied and used, would be confronted with a loss of the net profit it otherwise would have made during the period of interruption in addition to the outlay for such continuing expenses. In such a case it would be necessary to resort to one of three alternatives to meet the necessary continuing charges and expenses: (1) to draw upon cash reserves, if there be any; (2) to borrow money from a bank or other source, if the concern's credit standing would permit this; or (3) use a portion of the funds received from the Property Damage insurance carried to meet such continuing charges and expenses.

In any such case, where there is no Business Interruption insurance, the concern would be forced to resume operations, after the physical property had been repaired or replaced, in a less favorable financial condition than it would have been in had it not been affected by the disaster involved. In such a case, if adequate Business Interruption insurance were carried, there would be no weakened financial position as a consequence of necessary continuing charges and expenses or prevented net profit.

A few years ago the credit experience and business progress of

*How long would your business be interrupted while your records were replaced, had this fire happened in your plant?*





100 mercantile and manufacturing establishments, which had been affected by serious damage to or destruction of their business property by fire, were investigated. This investigation dealt with the standing and progress of these concerns for a period covering about five years before and a number of years after each had been affected by the disaster involved. These firms ranged in importance from an ordinary country store to a manufacturer doing an annual business of several million dollars.

This research revealed that 43 per cent of the firms involved never resumed business and that only 26 of them came through the disasters in which they were involved without having their credit seriously impaired. It is only natural that the question might be posed, "What brought about this extreme mortality in the firms affected?" Perhaps in answer to this question several factors could be enumerated, but the fundamental and real cause was determined to be a lack of protection of the character afforded by Business Interruption insurance. In other words, without Business Interruption insurance to pay unavoidable expenses during the attending interruption, there was such a heavy strain on the reserves of the business that 43 out of the 100 could not resume operations, and 31 of the others were able to resume operations only with an impaired financial and credit standing.

#### Even More Dangerous Today

THE investigation mentioned was made before the present war. Obviously, under conditions which exist today, the effects of bad fire damage to business property are likely to be far more severe than ever before. The reason for this is that under government restrictions there are definite limitations as to the repair and rehabilitation of buildings and in most instances it is practically impossible to secure building material, machinery, equipment, and other replacements which would be essential in order to get back in operation. Admittedly, certain concerns may be entitled to preferential priority rating, but experience has proven in some cases, even with preferential priority, it is impossible to secure needed materials.

Practically every business property has a vulnerable point; that is, there is a vital machine, entrance, elevator, or similar vulnerable point which, if destroyed or damaged by fire, may cause complete cessation of operations. The replacement or repair of the affected part may require weeks or months during which period the concern's earnings have ceased or have been seriously impaired. In other words, a fire loss of but slight consequence sometimes can cause a large loss of earnings that should be covered by Business Interruption insurance. Moreover, despite added safety and fire prevention measures, men tire and machines deteriorate under the stress and strain of war-time pressure, and thus create conditions which are likely to lead to more and more such losses.

#### Business Interruption Loss High

DURING the past few months numerous instances have come to my attention wherein the Property Damage insurance loss was considerably less than the Business Interruption insurance loss. In one such case, the insured's recovery with respect to the building involved was only 5 per cent of the insurance carried; whereas, his recovery under Business Interruption was 30 per cent. In another instance, the Business Interruption recovery was two and one-half times greater, upon the basis of the insurance carried, than was recovery for damage to building, machinery, and contents. In still another case, the ratio was two to one.

Obviously, these examples relate only to instances where Business Interruption insurance was carried and do not tend to reflect the relationship of the property owner's loss with respect to building, machinery, and equipment, to the loss of earnings or income in those instances where no Business Interruption insurance was carried. However, the few examples given do illustrate rather pointedly that a comparatively slight damage to property may result in a loss of earnings many times greater.

#### The Credit Man's Interest

OF what interest is all this to the Credit Man? It has been said that 83 per cent of the Credit Men of this country are charged with the

responsibility of arranging insurance required by their employers. Regardless of whether or not such a percentage is absolutely accurate, it is definite that in a majority of instances the Credit Man looks after the insurance requirements of the firm with which he is associated, and it behooves those charged with such a responsibility to weigh carefully the advisability of including Business Interruption in their programs of protection, if it has not already been done. Moreover, each Credit Man, when he extends credit to another in the form of merchandise, actually is lending that much of his firm's capital—the equivalent of money—to the customer. Where this is done, the Credit Man is justified in requiring that the customer carry adequate insurance properly to protect his firm's investment in the customer's business.

This is not an unreasonable requirement. If it be unreasonable, then the banker, the finance company, the building and loan association, and even the small loan organizations are unreasonable in their requirements. Each of these grantors of credit require *adequate* insurance protection with respect to money and material advanced, and this has become an accepted practice of their business. Obviously, maintenance of adequate insurance protection by his customers is of just as much concern to the Credit Man who is acting on behalf of a mercantile or an industrial enterprise as it is to the banker or lender of money.

#### Many Credits Under Protected

SOMEONE has estimated that about 40 per cent of business property is grossly under insured or not insured at all. Yet these firms whose properties are lacking in adequate insurance protection, to a considerable degree, are dependent upon and borrow (in the form of credit) from the thousands of Credit Men throughout the country. The important question is "To what extent do Credit Men require, as do the banker or money lender, that *adequate* insurance be carried by such borrowers?" It is difficult to answer this question precisely, but it has been estimated that 30 per cent of the Credit Men *inquire into*, but do not require Fire insurance; 10 per cent

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# Turn-Over as a Collection Gauge

## War Brings Need for Shorter Collection Period

By J. E. WALSH

Credit Manager, Oscar Mayer & Co.,  
Chicago

**THE** fast money turn-over in the packing business is legend. There is not an industry that has the rapid turn-over of money that this industry has. It must be rapid in this business if a packer wishes to survive, as the margin of profit is small compared with the great volume of business done.

Our industry now ranks second in the BIG FOUR of American industry, and most of the time first. In 1940, first was Auto—second, Steel—third, Meat Packing—fourth, Oil. War munitions will crowd some out of the picture this year. But I have named them as they lined up a year ago. The volume of dollar sales in the meat packing industry is staggering. Yearly sales now probably run well over the \$4,000,000,000 mark! Nineteen forty-three will possibly top all records.

Let us take a look at the physical side of this gigantic industry. We are an industry with over 1700 slaughtering plants in the United States, scattered the length and breadth of the land. Ohio leads the states, with 158. Illinois, so-called packing center of the world, has 82 plants. **BUT HERE IS THE CATCH**—those 82 plants in Illinois do about 20 per cent of slaughtering, while Ohio's 158 plants do about 5 per cent. Minnesota has 11 plants, and does about 8 per cent of the nation's processing. Iowa, the hot bed of hog production (20 per cent of supply) has 32 killing establishments, with 10 per cent of the business.

In 1941, 77 million hogs, 23 million sheep, 15 million cattle were slaughtered in the 1700 plants.

### A Big War Factor

**WE** can consider ourselves fortunate indeed that we are part of an industry that is so vital to the welfare of our country. Napoleon once said an army moves on its stomach.

But Napoleon's armies were as toy soldiers to the mighty legions on march today. Not only armies but entire nations move to WAR. And the first NATIONS to see their food supply crack up—and the main food is meat—**WILL LOSE THIS WAR!**

That is why your Government has placed its faith in this great industry. And the grinding wheels of our sausage factories and the smoking pits of our smoke houses are shipping 60 to 80 million pounds of meat products WEEKLY to our government.

A recent commentator said, "If soldiers and workers must sweat harder — **SO MUST MONEY** — money is after all the sinews of war." So speeding up the collection cycle means tightening up the sinews of war and putting the dollars to work!

If a concern does a business of \$100,000 or \$1,000,000 or \$10,000,000 per week, then it must turn over that amount of money every week. In this business, it is the aim of every alert credit man to see that his collections always keep step with sales. I know firms in this industry who can boast a 12 day turn-over. Let me tell you that any credit man who can stand up and say, "I turn my firm's money every 12 days" is doing a mighty fine job! I will say frankly. I am not among that elite, although I have burned the midnight oil many and many a time trying to figure out ways and means to speed up our collections.

### Why the Lag in Turn-over

**HERE** in a so-called weekly credit business, why are so many packers contented with a 15 or a 20 day turnover on many of their accounts?

It would be a lot easier for all of us if we educated our salesmen and, yes, our customers that we must have our money promptly week following sale.

Days collection turnover, you know, is the number of days your money is outstanding. It is the number of days between date of shipment and date money is received. We divide our business year, as most packers, into 13 periods, 4 weeks each. At the close of each period, we issue a general collection turnover report. We get the figures in this way: We take the total sales for the period and divide it by 28 to get the average day's sales. Then we take the total outstanding at the end of the period and divide it by this average day's sales figure. That gives us the dollar turnover in days. We then break it down into Divisions, and at times, when collections are slow, we give each man his individual turnover.

It is surprising how interested salesmen can get in collection turnover. They will ask about it if it does not come out promptly. Always keep alive this competitive spirit among your salesmen. We have salesmen who have a 7 day turnover. This is largely true of our Chicago Service Division. We have men in Boston and New York, and other points, with weekly sales running high into five figures who pride themselves on 12 to 14 day turnover.

### Prizes for High Collection

**I** BELIEVE we were the first packers to give prizes for collections. This is especially true at the end of our fiscal year. We dress up the occasion with firey bulletins, and even get the hardboiled sales department highly money minded, which is an event in itself!

I think the days collection turnover is one of the best measuring sticks of a man's collection ability of

anything we have tried. You can work in the personal touch. Don't hesitate to pat a man on the back if he is doing you a good job. Write him up in your collection bulletins. The old fallacy, "It will go to his head," is just so much patter. I happened to be a salesman myself before I came to Mayers back in 1923. I know just what a salesman is up against. I still read over with pride letters sent me for leading the pack in some drive. Perhaps that is why I am now a "collector"—I don't believe my sales ever built any packing houses! Yes, credit men, we are all human. It is the American spirit to want to lead; and it does not harm to tack a little note to the statements when sending them out to Tom Jones next week and say: "Gee, Tom, 13 day turnover! What a man! Keep 'em paying!" What does Tom do? He shows it to his first customer: "See here, Jack," he will say, "by paying your bills every week you have helped keep me at the top of the heap! I want you to know how much I appreciate it—this week I have a buy that will make you money!" It is surprising how much product is sold by appealing to a customer's sporting instinct. It is also surprising how much good collection work a salesman can do when you get right in and play the game with him.

### We Are All Collectors

**A**FTER all, our big job is collecting. We are "Collectors." "Credit Manager" is just a little higher sounding handle! We are judged at the end of the fiscal year by the condition of our accounts; how far below that old 1/10 of 1 per cent we have kept the credit losses!

Also, teach the credit men working under you to be good collectors. Watch when you send one of your men out to travel a day or so with a salesman—is there a collection improvement on that particular route? That will prove if he is an asset to your department or just average credit clerk. If you have not tried turnover in a broad way, give it a trial when you get back on the job.

Another thing we do is compare results back a year, five years, ten years. It is very revealing. Turnover should be better today than last year or five years ago. We show the salesman what has been done on his route before. It takes a lot of money to op-

erate a business today. And this money must be kept working and turning if we are going to do any kind of a job for our company and for our country. It is about time packers stopped financing two-thirds of their trade! Another thing, Uncle Sam is looking sideways at this long term credit business. The press says that installment buying is on the way out. Also remember the packer salesman rides in the saddle today. He is the king pin—he can about write his own ticket. The big problem is supply, and the customer will pay his bills promptly (we hope) to keep that supply coming. That was my experience

on a recent trip thru the East. Customers were easier to talk to, easier to get financial information from.

But still I think trying days are ahead for our industry. Trying days for our country, and for our companies. We are going to need every power we possess to come out on top in this War. Uncle Sam needs men, good men who can intelligently handle money, just as much as he needs good men, brave men, out there on the firing line. My company, with a payroll of close to 4,000, has sent 500 into the armed forces. We can't let those fellows down—some of them the best friends I ever had.

## F.T.C. Puts Ban on Trade Group Sales Restraint

**F**A decision by the Federal Trade Commission as announced in the Federal Register on December 25, is of special interest to manufacturers and wholesalers who are members of trade associations. The decision is based on a case against the Wire Rope and Strand Manufacturers Association. The members of the association were ordered to refrain from entering into any common cause of action to do or perform any of the following acts:

1. Fixing, determining, maintaining, or adhering to prices, terms, or conditions of sale of such wire rope to dealers, distributors, or users thereof, including any governmental agency.

2. Adopting, fixing, determining, maintaining, or adhering to any price-fixing formula or formulae for applying discounts of any nature or description, regardless of their designation, to list prices, or for the purpose or with the effect of retaining, eliminating, or interpreting any figures or digits after any decimal point, whereby prices (including net delivered prices) for the sale of such wire rope are or may be fixed, determined, maintained, or adhered to.

3. Establishing, maintaining, or adhering to territorial delivered price zones.

4. Making quotations or sales upon a delivered price basis under a zone system whereby the cost to all customers, or to customers of any particular class or designation, purchasing a particular grade and construction of such wire rope is made identical to all destinations within a particular zone.

5. Adopting, fixing, determining, maintaining, or adhering to the form, amount, or application of base or chain discounts to be allowed, or which may be allowed, by the respondents on purchases of such wire rope.

6. Adopting, fixing, determining, maintaining, or adhering to uniform classifications of customers.

7. Defining what constitutes a distributor of wire rope, where the purpose or effect is or may be to prevent or restrict the selection of distributors.

8. Filing with any association, or with any other agency, the names of respondents' distributors of wire rope.

9. Authorizing the compilation, for circulation among the respondents, of lists showing the names of distributors of any of the respondents.

10. Circulating or attempting to circulate among the respondents, by any means or method, lists showing the names of distributors of any of the respondents.

11. Refusing by any method or in any manner to make a distributor's contract with any person, firm, or corporation who has been appointed a distributor of and is acting as such for another respondent, where such person, firm, or corporation possesses the qualifications and is able and willing to perform the functions required of the distributors of the respondent so refusing.

It will be seen from the above that actions by members of a trade association looking to the regulation or restriction of sales operation should be very carefully checked.



# New Fire Insurance Policies in New York After July 1st

**C**F The revised New York Standard Fire Insurance Policy, 1943 model, is a streamlined instrument that is a great improvement in phrasing and substance over the second New York Standard Fire Insurance Policy (1918) which it will replace on and after July 1, 1943.

This new Standard Policy—which is reasonably expected to be adopted in many other States—holds special interest as an important factor affecting wholesale merchandising credit.

Pending the effective date, the revised Policy may be subject to possibly a few minor changes relative to wartime conditions. But insurance authorities state that such changes as may be made will not substantially affect the instrument as a credit security.

## Many Help in Revision

**T**HE first draft of the revision was adopted by the National Association of Insurance Commissioners in 1939. Many changes have been incorporated in subsequent revisions that have been made in working out the Standard Policy finally adopted by the New York State Legislature.

In its present form, the revision represents the best Fire Insurance thought on the subject. It is the product of the combined and cooperative efforts of the Superintendent of Insurance of the State of New York Louis H. Pink, a committee of the National Board of Underwriters and committees representing brokers, agents and credit men.

The new Policy embodies a number of helpful editorial changes. Certain words and phrases have been deleted as surplusage and the language has been generally simplified—with corresponding clarification of meaning. While many generally broadening words, phrases, clauses and provisions have been added in the revision, these additions are offset by deletions on the first or "Insurance Clause"

page which is practically of the same length as in the policy to be replaced and, on the second page (voidances, coverage, exclusions, exceptions and other terms), additions are more than offset by eliminations—with a resultant reduction from 200 to 165 standard lines. And the reduction effected in the revision really runs to larger measure. For it includes some clauses and provisions that obviate the necessity for special clauses or endorsements or riders attached in the vast majority of cases to policies in the second or "1918" New York form—with consequent increase in length of the instrument.

## Changes in Benefit Creditors

**T**HE revision incorporates a number of changes in substance that benefit the interest of those insured. And, to the extent that they apply directly or indirectly to merchandising, those changes correspondingly benefit the interest of creditors.

The changes helpful to credit include extensions of coverage as to perils and items of property and eliminations of certain voidances and suspensions and exceptions. In the past, the inclusion of such terms in policies has often resulted in loss to creditors.

Extensions of coverage in the revision include the following perils:

(1) Direct loss by lightning—which is specified as a "covered" peril in the "insuring clause." This obviates the necessity for "tens of thousands of riders" or "lightning clauses" providing for direct loss by lightning without resultant fire which are currently attached to policies in the second or "1918" New York form.

(2) Loss by fire following the fall of a building. As students of the subject have pointed out, the coverage of this peril takes on added importance in wartime when explosions off the insured premises may result in concussions that cause the fall of a build-

ing in part or in whole—with fire ensuing.

(3) Loss by fire following a riot—the liability of the insurer in such case being specifically limited to loss by fire only.

(4) Loss by fire resultant from "civil commotion." "Civil commotion" first appeared in a fire insurance policy as an excepted peril 200 years ago. A number of generations back, an English jurist construed the "two-word expression" as meaning "an insurrection of the people for general purposes though it may not amount to revolution." A leading authority on Fire Insurance has recently expressed the opinion that the definition given by the English jurist may be modernized and extended by courts to include loss by fire resultant from disturbances between workmen or pickets and police.

(5) Loss by fire or other perils insured against which may be caused by acts of destruction by order of civil authority "at the time of and for the purpose of preventing the spread of fire"—provided such fire did not originate from any of the perils specifically excepted.

## War Risks Are Excluded

**I**N the "War Risk Exclusion Clause" of the Revised Policy the word "riot" and the phrase "civil war or commotion" have been dropped and the words "bombardment," "rebellion" and "revolution" have been added.

Extension of coverage in the new form of Policy as to items of property, which are not required to be specifically named, includes "mechanical drawings, dies and patterns."

The word "notes" has been dropped from the list of "uninsurable" items of property. But the designative phrase "evidences of debt" which is still on the list is widely construed as being sufficiently comprehensive to include notes.



In the Revised Policy the elimination of clauses, which in the second or "1918" New York form of policy void the liability of the insurer unless otherwise provided by endorsement or attached agreement in writing, embrace the following:

(1) "Other than unconditional and sole ownership." This clause has been physically eliminated by omission from the voiding list. And it has been impliedly, but none the less effectively, eliminated in the insuring clause on the first page by insertion of the phrase "nor in any event for more than the interest of the insured"—which makes the revised form an "interest policy."

#### Insurable Interest Covered

THE importance of the improvement effected through elimination of the "Other-than-unconditional-and-sole-ownership" clause was stressed with impressive emphasis in a recent interview by Julian Lucas, President of a prominent New York City Insurance Brokerage firm, a former President of the National Association of Insurance Brokers, recipient of the gold medal annually awarded by the General Brokers Association of the Metropolitan District, Inc., for "The Most Meritorious Insurance Service of the Year" in 1938, one of the most eminent authorities in the country on Fire Insurance contracts and an ardent champion of the new Revised Policy.

As indicating the widespread losses to which policy holders were exposed under the voiding clause, Mr. Lucas cited a study lately made by George W. Goble of the University of Illinois. In the course of Goble's study 581 fire insurance policies were examined. As a result of the "Other-than-unconditional-and-sole-ownership" clause, 28 per cent of all fire policies on real property and 55 per cent of all fire policies on jointly owned real property were found to be void and unenforceable under the law of Illinois as decided by the courts.

#### Where Building Is on Leased Ground

(2) "Building on ground not owned in fee simple" or the "Leased ground" clause. The elimination of this clause is also stressed by Mr. Lucas as being beneficial to the interests of many policy holders. On the basis of experience and study he finds

that, while those who have been insured under expert advice have obtained waivers of the "Leased ground" condition by endorsements, the "small insured" who act without proper advice and are unfamiliar with the clause have very widely failed to secure waiver endorsements. In Maryland, by a recent order of the State Insurance Commissioner, the "Leased ground" voiding clause has been specifically banned.

(3) The "Foreclosure clause"—which voids the policy "if, with the knowledge of the insured, foreclosure proceedings be commenced or notice given of sale of any property insured hereunder by reason of any mortgage or trust deed."

(4) "Change of interest, title or possession of the subject of Insurance."

(5) Assignment of policy before a loss. This voiding clause has been physically eliminated in the revision. And the added provision on the front page of the new policy that "Assignment of this policy shall not be valid except with the written consent of this Company."

#### Seven Suspension Clauses Omitted

SEVEN suspensions of insurance under specified conditions ("unless otherwise provided in writing added") have been eliminated in the new policy. The omitted "suspending" conditions are:

(1) Other insurance. But this elimination in the new policy is subject to the provision that "Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached." In the second or "1918" New York form, insurance is specifically suspended "While the insured shall have any other contract of insurance, whether valid or not, on property covered in whole or in part by this policy."

(2) Chattel mortgage. In the "1918" New York form, liability for loss or damage to any property insured is suspended "while incumbered by a chattel mortgage, and during the time of such incumbrance this Company shall be liable only for the loss or damage to any other property insured hereunder."

(3) Building, altering or repairing the premises beyond a period of 15 days.

(4) Illuminating gas or vapor generated on premises.

(5) Fireworks . . . explosives . . . gasoline . . . kerosene in excess of five barrels, etc., on premises. In the "1918" New York form insurance is suspended "While (any usage or custom to the contrary notwithstanding) there is kept, used or allowed on the described premises fireworks, greek fire, phosphorus, explosives, benzine, gasoline, naphtha or any other petroleum product of greater inflammability than kerosene oil, gunpowder exceeding 25 pounds or kerosene oil exceeding five barrels."

(6) Operation of factories between 10 P.M. and 5 A.M.

(7) Cessation of factory operation beyond a period of 10 days.

#### A General Coverage on Hazards

AS to the last five eliminated suspensions opinion has been expressed to the effect that, in some cases, the conditions referred to may be held to constitute such an increase of hazard as is envisaged by a clause in the Revised Policy which suspends insurance "While the hazard is increased by any means within the control or knowledge of the insured." And it is argued by eminent Fire Insurance authorities that, in view of the omission of the specified suspending conditions in the new form, only a "very substantial or flagrant increase" of hazard will be open to this construction.

In addition to the above listed eliminations of "suspending conditions," the period of permitted vacancy or unoccupancy of a building (before suspension of insurance begins) has been extended from 10 to 60 days in the revision.

A new entry in the revision provides that "Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto."

The Revised New York Standard Fire Insurance Policy (1943) is the result of a progressive movement that began in the "Empire State" more than half a century ago.

Before 1886, Insurance Companies generally prepared their own policies. And no two were exactly alike. Adjustment under "a lot of conflicting policies" was difficult—often bafflingly so. Many conditions in policies

(Continued on Page 28)

## Conditions in Old and New Policies Compared

### OLD

1 **Fraud, misrepresentation, etc.** This entire policy shall be void if the insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof; or in case of any fraud or false swearing by the insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.

7 **Uninsurable** This policy shall not cover accounts, bills, and currency, deeds, evidences of debt, money, notes or securities; nor, unless specifically named hereon in writing, bullion, manuscripts, mechanical drawings, dies or patterns.

12 **Hazards not covered.** This Company shall not be liable for loss or damage caused directly or indirectly by invasion, insurrection, riot, civil war or commotion, or military or usurped power, or by order of any civil authority; or by theft; or by neglect of the insured to use all reasonable means to save and preserve the property at and after a fire or when the property is endangered by fire in neighboring premises.

20 This entire policy shall be void, unless otherwise provided by agreement in writing added hereto.

22 **Ownership, etc.** (a) if the interest of the insured be other than unconditional and sole ownership; or (b) if the subject of insurance be a building on ground not owned by the insured in fee simple; or (c) if, with the knowledge of the insured, foreclosure proceedings be commenced or notice given of sale of any property insured hereunder by reason of any mortgage or trust deed; or (d) if any change, other than by the death of an insured, take place in the interest, title or possession of the subject of insurance (except change of occupants without increase of hazard); or (e) if this policy be assigned before a loss.

32 Unless otherwise provided by agreement in writing added hereto this Company shall not be liable for loss or damage occurring

35 **Other insurance.** (a) while the insured shall have any other contract of insurance, whether valid or not, on property covered in whole or in part by this policy; or

38 **Increase of hazard.** (b) while the hazard is increased by any means within the control or knowledge of the insured; or

40 **Repairs, etc.** (c) while mechanics are employed in building, altering or repairing the described premises beyond a period of fifteen days; or

44 **Explosives, gas, etc.** (d) while illuminating gas or vapor is generated on the described premises; or while (any usage or custom to the contrary notwithstanding) there is kept, used or allowed on the described premises fireworks, greek fire, phosphorus, explosives, benzine, gasoline, naphtha or any other petroleum product of greater inflammability than kerosene oil, gunpowder exceeding twenty-five pounds, or kerosene oil exceeding five barrels; or

52 **Factories.** (e) if the subject of insurance be a manufacturing establishment while operated in whole or in part between the hours of ten P. M. and five A. M., or while it ceases to be operated beyond a period of ten days; or

56 **Unoccupancy.** (f) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of ten days; or

59 **Explosion, Lightning.** (g) by explosion or lightning, unless fire ensue, and, in that event, for loss or damage by fire only.

62 **Chattel mortgage.** Unless otherwise provided by agreement in writing added hereto this Company shall not be liable for loss or damage to any property insured hereunder while incumbered by a chattel mortgage, and during the term of such incumbrance this Company shall be liable only for loss or damage to any other property insured hereunder.

68 **Fall of building.** If a building, or any material part thereof, fall except as the result of fire, all insurance by this policy on such building or its contents shall immediately cease.

72 **Added Clauses.** The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss or damage, and any other agreement not inconsistent with or a waiver of any of the conditions or provisions of this policy, may be provided for by agreement in writing added hereto.

78 **Waiver.** No one shall have power to waive any provision or condition of this policy except such as by the terms of this policy may be the subject of agreement added hereto, nor shall any such provision or condition be held to be waived unless such waiver shall be in writing added hereto, nor shall any provision or condition of this policy or any forfeiture be held to be waived by any requirement, act or proceeding on the part of this Company relating to appraisal or to any examination herein provided for; nor shall any privilege or permission affecting the insurance hereunder exist or be claimed by the insured unless granted herein or by rider added hereto.

89 **Cancellation of policy.** This policy shall be cancelled at any time at the request of the insured, in which case the Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by the Company by giving to the insured a five days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand.

(Turn to Page 20, Column 1)

### NEW

1 **Concealment, fraud.** This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

8 **Uninsurable** This policy shall not cover accounts, bills, and currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

12 **Perils not included.** This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by insurrection, invasion, bombardment, rebellion, revolution, or military or usurped power; nor by order of any civil authority, except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided such fire did not originate from any of the perils herein specifically excluded; nor by neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; nor shall this Company be liable for loss by theft.

25 **Other Insurance.** Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

28 **Conditions suspending insurance.** Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring

31 (a) while the hazard is increased by any means within the control or knowledge of the insured; or

33 (b) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or

36 (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

38 **Other perils or subjects.** Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

42 **Added provisions.** The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

49 **Waiver provisions.** No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

56 **Cancellation of policy.** This policy shall be cancelled at any time at the request of the insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this Company by giving to the insured a five days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand.

(Turn to Page 20, Column 2)



101 **Pro rata liability.** This Company shall not be liable for a  
 102 greater proportion of any loss or damage  
 103 than the amount hereby insured shall bear to the whole  
 104 insurance covering the property, whether valid or not and  
 105 whether collectible or not.  
 106 **Noon.** The word "noon" herein means noon of  
 107 standard time at the place of loss or damage.  
 108 **Mortgage** If loss or damage is made payable, in whole  
 109 **interests.** or in part, to a mortgagee not named herein  
 110 as the insured, this policy may be cancelled  
 111 as to such interest by giving to such mortgagee a ten days'  
 112 written notice of cancellation. Upon failure of the insured to  
 113 render proof of loss such mortgagee shall, as if named as insured  
 114 hereunder, but within sixty days after notice of such failure, ren-  
 115 der proof of loss and shall be subject to the provisions hereof as  
 116 to appraisal and times of payment and of bringing suit. On pay-  
 117 ment to such mortgagee of any sum for loss or damage here-  
 118 under, if this Company shall claim that as to the mortgagor or  
 119 owner, no liability existed, it shall, to the extent of such pay-  
 120 ment be subrogated to the mortgagee's right of recovery and  
 121 claim upon the collateral to the mortgage debt, but without  
 122 impairing the mortgagee's right to sue; or it may pay the mort-  
 123 gage debt and require an assignment thereof and of the mortgage.  
 124 Other provisions relating to the interests and obligations of such  
 125 mortgagee may be added hereto by agreement in writing.  
 126 **Requirements in** The insured shall give immediate notice, in  
 127 **case of loss.** writing, to this Company, of any loss or  
 128 damage, protect the property from further  
 129 damage, forthwith separate the damaged and undamaged  
 130 personal property, put it in the best possible order, furnish a  
 131 complete inventory of the destroyed, damaged and undamaged  
 132 property, stating the quantity and cost of each article and the  
 133 amount claimed thereon; and, the insured shall, within sixty  
 134 days after the fire, unless such time is extended in writing by  
 135 this Company, render to this Company a proof of loss, signed  
 136 and sworn to by the insured, stating the knowledge and belief  
 137 of the insured as to the following: the time and origin of the fire,  
 138 the interest of the insured and of all others in the property, the  
 139 cash value of each item thereof and the amount of loss or damage  
 140 thereto, all incumbrances thereon, all other contracts of in-  
 141 surance, whether valid or not, covering any of said property,  
 142 any changes in the title, use, occupation, location, possession, or  
 143 exposures of said property since the issuing of this policy, by  
 144 whom and for what purpose any building herein described and  
 145 the several parts thereof were occupied at the time of fire; and  
 146 shall furnish a copy of all the descriptions and schedules in all  
 147 policies and if required, verified plans and specifications of any  
 148 building, fixtures or machinery destroyed or damaged. The  
 149 insured, as often as may be reasonably required, shall exhibit  
 150 to any person designated by this Company all that remains of  
 151 any property herein described, and submit to examinations  
 152 under oath by any person named by this Company, and  
 153 subscribe the same; and, as often as may be reasonably  
 154 required, shall produce for examination all books of account,  
 155 bills, invoices, and other vouchers, or certified copies thereof,  
 156 if originals be lost, at such reasonable time and place as may  
 157 be designated by this Company or its representative, and shall  
 158 permit extracts and copies thereof to be made.  
 159 **Appraisal.** In case the insured and this Company shall  
 160 fail to agree as to the amount of loss or  
 161 damage, each shall, on the written demand of either, select  
 162 a competent and disinterested appraiser. The appraisers  
 163 shall first select a competent and disinterested umpire; and  
 164 failing for fifteen days to agree upon such umpire then, on  
 165 request of the insured or this Company, such umpire shall be  
 166 selected by a judge of a court of record in the state in which  
 167 the property insured is located. The appraisers shall then  
 168 appraise the loss and damage stating separately sound value  
 169 and loss or damage to each item; and failing to agree, shall  
 170 submit their differences only, to the umpire. An award in  
 171 writing, so itemized, of any two when filed with this Company  
 172 shall determine the amount of sound value and loss or  
 173 damage. Each appraiser shall be paid by the party selecting  
 174 him and the expenses of appraisal and umpire shall be paid  
 175 by the parties equally.  
 176 **Company's** It shall be optional with this Company to  
 177 **options.** take all, or any part, of the articles at the  
 178 agreed or appraised value, and also to  
 179 repair, rebuild, or replace the property lost or damaged with  
 180 other of like kind and quality within a reasonable time, on  
 181 giving notice of its intention so to do within thirty days  
 182 after the receipt of the proof of loss herein required; but  
 183 **Abandonment.** there can be no abandonment to this Com-  
 184 pany of any property.  
 185 **When loss** The amount of loss or damage for which  
 186 **payable.** this Company may be liable shall be pay-  
 187 able sixty days after proof of loss, as herein  
 188 provided, is received by this Company and ascertainment of  
 189 the loss or damage is made either by agreement between the  
 190 insured and this Company expressed in writing or by the  
 191 filing with this Company of an award as herein provided.  
 192 **Suit.** No suit or action on this policy, for the  
 193 recovery of any claim, shall be sustainable  
 194 in any court of law or equity unless all the requirements of  
 195 this policy shall have been complied with, nor unless com-  
 196 menced within twelve months next after the fire.  
 197 **Subrogation.** This Company may require from the insured  
 198 an assignment of all right of recovery  
 199 against any party for loss or damage to the extent that pay-  
 200 ment therefor is made by this Company.

86 **Pro rata liability.** This Company shall not be liable for a greater  
 87 proportion of any loss than the amount  
 88 hereby insured shall bear to the whole insurance covering the  
 89 property against the peril involved, whether collectible or not.  
 90 **Mortgage** If loss hereunder is made payable, in whole  
 91 **interest and** or in part, to a designated mortgagee not  
 92 **obligation of** named herein as the insured, such interest in  
 93 **mortgagee.** this policy may be cancelled by giving to such  
 94 mortgagee a ten days' written notice of can-  
 95 cellation.  
 96 If the insured fails to render proof of loss such mortgagee, upon  
 97 notice, shall render proof of loss in the form herein specified  
 98 within sixty (60) days thereafter and shall be subject to the pro-  
 99 visions hereof relating to appraisal and time of payment and of  
 100 bringing suit. If this Company shall claim that no liability ex-  
 101 isted as to the mortgagor or owner, it shall, to the extent of pay-  
 102 ment of loss to the mortgagee, be subrogated to all the mort-  
 103 gagee's rights of recovery, but without impairing mortgagee's  
 104 right to sue; or it may pay off the mortgage debt and require  
 105 an assignment thereof and of the mortgage. Other provisions  
 106 relating to the interests and obligations of such mortgagee may  
 107 be added hereto by agreement in writing.  
 108 **Requirements in** The insured shall give immediate written  
 109 **case loss occurs.** notice to this Company of any loss, protect  
 110 the property from further damage, forthwith  
 111 separate the damaged and undamaged personal property, put  
 112 it in the best possible order, furnish a complete inventory of  
 113 the destroyed, damaged and undamaged property, showing in  
 114 detail quantities, costs, actual cash value and amount of loss  
 115 claimed; and within sixty days after the loss, unless such time  
 116 is extended in writing by this Company, the insured shall render  
 117 to this Company a proof of loss, signed and sworn to by the  
 118 insured, stating the knowledge and belief of the insured as to  
 119 the following: the time and origin of the loss, the interest of the  
 120 insured and of all others in the property, the actual cash value of  
 121 each item thereof and the amount of loss thereto, all encum-  
 122 brances thereon, all other contracts of insurance, whether valid  
 123 or not, covering any of said property, any changes in the title,  
 124 use, occupation, location, possession or exposures of said prop-  
 125 erty since the issuing of this policy, by whom and for what  
 126 purpose any building herein described and the several parts  
 127 thereof were occupied at the time of loss and whether or not it  
 128 then stood on leased ground, and shall furnish a copy of all the  
 129 descriptions and schedules in all policies and, if required, verified  
 130 plans and specifications of any building, fixtures or machinery  
 131 destroyed or damaged. The insured, as often as may be reason-  
 132 ably required, shall exhibit to any person designated by this  
 133 Company all that remains of any property herein described, and  
 134 submit to examinations under oath by any person named by this  
 135 Company, and subscribe the same; and, as often as may be  
 136 reasonably required, shall produce for examination all books of  
 137 account, bills, invoices and other vouchers, or certified copies  
 138 thereof if originals be lost, at such reasonable time and place as  
 139 may be designated by this Company or its representative, and  
 140 shall permit extracts and copies thereof to be made.  
 141 **Appraisal.** In case the insured and this Company shall  
 142 fail to agree as to the actual cash value or  
 143 the amount of loss, then, on the written demand of either, each  
 144 shall select a competent and disinterested appraiser and notify  
 145 the other of the appraiser selected within twenty days of such  
 146 demand. The appraisers shall first select a competent and dis-  
 147 interested umpire; and failing for fifteen days to agree upon  
 148 such umpire, then, on request of the insured or this Company,  
 149 such umpire shall be selected by a judge of a court of record in  
 150 the state in which the property covered is located. The ap-  
 151 praisers shall then appraise the loss, stating separately actual  
 152 cash value and loss to each item; and, failing to agree, shall  
 153 submit their differences, only, to the umpire. An award in writ-  
 154 ing, so itemized, of any two when filed with this Company shall  
 155 determine the amount of actual cash value and loss. Each  
 156 appraiser shall be paid by the party selecting him and the ex-  
 157 penses of appraisal and umpire shall be paid by the parties  
 158 equally.  
 159 **Company's** It shall be optional with this Company to  
 160 **options.** take all, or any part, of the property at the  
 161 agreed or appraised value, and also to re-  
 162 pair, rebuild or replace the property destroyed or damaged with  
 163 other of like kind and quality within a reasonable time, on giv-  
 164 ing notice of its intention so to do within thirty days after the  
 165 receipt of the proof of loss herein required.  
 166 **Abandonment.** There can be no abandonment to this Com-  
 167 pany of any property.  
 168 **When loss** The amount of loss for which this Company  
 169 **payable.** may be liable shall be payable sixty days  
 170 after proof of loss, as herein provided, is  
 171 received by this Company and ascertainment of the loss is made  
 172 either by agreement between the insured and this Company ex-  
 173 pressed in writing or by the filing with this Company of an  
 174 award as herein provided.  
 175 **Suit.** No suit or action on this policy for the recov-  
 176 ery of any claim shall be sustainable in any  
 177 court of law or equity unless all the requirements of this policy  
 178 shall have been complied with, and unless commenced within  
 179 twelve months next after inception of the loss.  
 180 **Subrogation.** This Company may require from the insured  
 181 an assignment of all right of recovery against  
 182 any party for loss to the extent that payment therefor is made  
 183 by this Company.



# The Fact-Power OF KARDEX

## INSURES

## PRACTICAL WORKING INVENTORIES

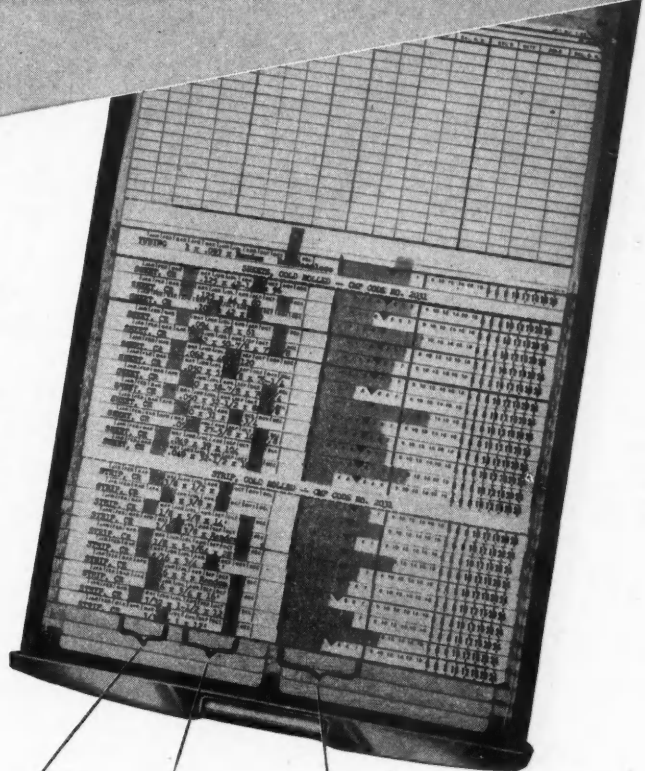
**"It's the inventory that tells the story."** A high Army production official said this recently, in referring to the success of America's war production program.

And control of inventories—the scheduling of available materials into the production lines on a balanced basis—has long been the policy of the country's major producers of war materials. Today, CMP extends the doctrine of properly balanced inventories to every manufacturer in the land.

Control of inventories is vital. And there is no faster, no surer, no simpler method of control than the one provided by Kardex, the only visible Inventory System with the exclusive Graph-A-Matic signal control.

Kardex focuses your attention on today's inventory status of every individual item of stock. Kardex spotlights each item in terms of the number of weeks' supply on hand for authorized production schedules. Kardex tells you the facts you need for operation under CMP Regulation No. 2, which states that no user shall accept delivery of any item of controlled material if his inventory of that item is, or would after delivery become, greater than is required for scheduled production during the next 60 days.

Will that shipment you're expecting next week send your stock over the 60-day-supply mark? Kardex warns you, "Postpone that shipment!" Do shortages or past-due deliveries threaten you? Kardex says, "Expedite!"

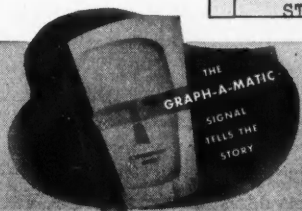
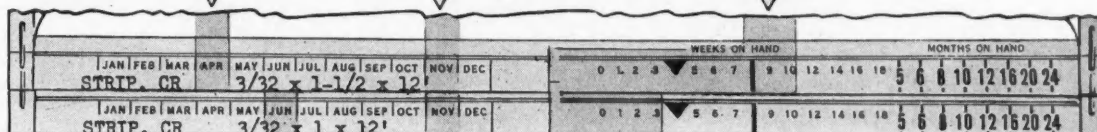


The Remington Rand man knows Inventory control. He and his associates throughout the country have installed Kardex Visible Systems in literally thousands of plants, large and small. The combined experience of these specialists is available to you in a new publication, "CMP Records and Procedures for Manufacturers"... yours without obligation for a free 10-day study. Ask for your copy today. Phone your nearest Remington Rand office, or write Systems Division of Remington Rand, Buffalo, New York.

This signal shows the month of next scheduled receipt of material on outstanding purchase orders.

This signal indicates the month through which material allotted has been received from claimant agency.

Graph-A-Matic signal charts no. of weeks' or months' supply on hand at scheduled rate of production.



**FACT-POWER....** exclusive with Kardex, means vital facts are signalled for instant selection, assuring prompt and accurate administrative action.

# REMINGTON RAND

# Latin-American Credit Survey

## 29th Semi-Annual Report on Collections

By PHILIP J. GRAY

Manager, Foreign Credit Department, N.A.C.M.

**C**OMMERCIAL credit and collection conditions in Latin American markets during the last half of 1942, continued the upward trend which has been in progress, according to these surveys, since July of 1940. In the majority of countries under survey, credit and collection indices have now shown a steady upward trend for two and one-half years, reflecting, of course, the judgment of United States manufacturers and exporters whose contributions to these surveys represent their actual credit and collection experiences in the markets surveyed. Credit-wise, this survey finds all Latin American markets rated as "Good" or "Fairly Good," and all are classified as "Prompt" as regards Collections.

Two new features were added to this survey—a comparison of "Terms" and "Export Volume" for the year 1942 with those of 1941. The results of the Terms survey demonstrate fully the accuracy of the statement repeatedly made by this Bureau that "nine out of ten exporters continue to accord their Latin American buyers usual terms." To illustrate that proof the survey indicates that on terms to Argentine importers, 90 per cent of the members reported "No Change," 7 per cent reported "Reduced Terms," and 3 per cent reported having increased their terms in 1942 over 1941.

### Few Changes in Other Countries

**O**THER examples that may be cited are Bolivia where 86 per cent report "No Change," 9 per cent "Reduced," and 5 per cent "Increased"—Brazil, 91 per cent "No Change," 6 per cent "Reduced," and 3 per cent "Increased." Outstanding in the report is Mexico where 92 per cent of the members continued terms unchanged, 5 per cent report "Reduced," and 3 per cent indicate more generous

terms. Greatest reduction appeared in Venezuela where 79 per cent report "No Change," 19 per cent report "Reduced" terms, and 2 per cent report "Increased." Nicaraguan business was reported 93 per cent on unchanged terms, 5 per cent "Reduced," and 2 per cent "Increased."



The complete country by country report definitely proves that the United States exporter has done his level best to maintain "business as usual terms" to his Latin American customers.

In the country by country comparison of 1942 export volumes with those of 1941, the highest percentage was recorded with Mexico, members indicating that they had retained 82 per cent of their 1941 business there. Other high averages include Chile with 80 per cent, Ecuador 78 per cent, Panama, Nicaragua and Dominican Republic 75 per cent, Cuba 74 per cent, with the French Possessions at the foot of the list with only 13 per cent of 1941 business represented. Among the low averages were Uruguay 38 per cent, and Venezuela with 48 per cent. This feature of the report was characterized by wide extremes, and it should be noted that a number of factors affect the dependability of these percentage averages. Particularly worthy of note is the fact that some members reported entire loss of a market in which other members achieved volumes of 500 per cent, 1000 per cent, and in one case, 1545 per cent of the business done in 1941. In view of this extreme divergence and other contributing factors, it would be unwise to place too much reliance upon these volume percentages, but they are submitted for whatever interest and value they may hold for the exporter.

### Exports at High Level

**W**HILE not unexpected, the results of this survey, particularly as regards credits, collections and terms, is extremely heartening. During 1942 it was anticipated that our rapid and complete conversion from peace-time to war-time production would have extremely disruptive effects on our entire economy, and par-



ticularly on our Latin American trade. Surprisingly enough, we find at the year's end that exports have been held at high levels and that Latin American exports to us in 1942 exceeded imports from the United States by approximately a half billion dollars, amply justifying the high rating the U. S. exporter gave Latin American markets on credits and collections and his continuation of peace-time terms to those markets.

While actual statistics are not available, experts agree that U. S. "direct" or "commercial exports" (exclusive of Lease-Lend) reached the surprising figure of more than three billion dollars during 1942, a total altogether un hoped for in the early part of the year. Some concept of the gigantic expansion necessary to make those exports available is found in the President's report to Congress on Lease-Lend figures for the three months ending December 11th, 1942 in which he set our assistance to our Allies at \$2,367,000,000 for the period, an increase of more than one-third over the previous quarter and more than four times the Lease-Lend total for the quarter immediately preceding the attack on Pearl Harbor.

#### 56% Increase Over 1941 Figures

THE total volume of exports, including Lease-Lend, for the first eleven months of 1942 was reported by the Census Bureau as \$7,018,564,000, an increase of 56 per cent over the first eleven months of 1941 which totaled \$4,494,408,000. In the same report, November exports were listed at \$785,092,000 surpassing the previous 1942 monthly high of \$766,036,000 established in September. The magnitude of the effort is further emphasized when we realize that these Lease-Lend expenditures represent only a small part of our total war expenditures and render the 3 billions of "direct" exports made during this same year all the more remarkable.

Along with Lease-Lend and the ever-growing needs of our armed forces at home and abroad, we are beginning to encounter the huge demands of relief and rehabilitation that arise as we liberate Axis-dominated territory. Millions of dollars of civilian goods are already being poured into North Africa, and no estimate is possible now of the needs that will have to be met as our forces advance. It is evident that all freed



*Like Each Machine at the Front—*  
**EACH MACHINE IN YOUR OFFICE**  
**MUST FUNCTION AT PEAK EFFICIENCY**



## Burroughs Mechanical Service

### Keeps Your Office Machines "In Action"

Systematic inspection, lubrication and adjustment of your Burroughs machines by Burroughs factory-trained, factory-controlled service men can prove a decisive factor in meeting wartime accounting problems. This Burroughs service helps you utilize the full efficiency of your machines in accomplishing more work in less time—safeguards against work stoppage and lost time caused by preventable interruptions. All work is guaranteed. All repairs and replacements are made with genuine Burroughs parts.

Arrange today for efficient maintenance of your Burroughs machines under a Burroughs Service Agreement, at a moderate pre-determined cost; or on the basis of a moderate charge for service as rendered. Call the local Burroughs office, or write direct to—

BURROUGHS ADDING MACHINE CO.  
DETROIT, MICHIGAN

#### ★ ★ ★ MANUFACTURING FOR WAR

Manufacture of aircraft equipment for the Army Air Forces and Burroughs figuring equipment for the Army, Navy, U.S. Government and the nation's many war activities is the vital task assigned to Burroughs in the Victory Program.

# Burroughs



territories will, for some time after liberation, be dependent in large part upon American supplies of every description. Certainly, the present outlook indicates that our major problems of goods and transportation are destined to be with us for some time to come and, in fact, may grow considerably as our actual military operations expand.

In Latin America the foreign trader is not overlooking the growing industrialization that the war has brought about, and the great expansion of inter-trading between Latin American countries, together with the inevitable shifting in trade caused by the restriction of commerce to goods that are essential to our mutual war efforts and vital economies. Nor do U. S. exporters overlook the impacts both present and future of our war-time export policy and our Relief and Lease-Lend operations which run the gamut of military and civilian goods and include such significant items as new harbors, docks, railroads, highways, settlements, sanitary projects, and the world-wide "sampling campaign" of U. S. goods and habits that

our war-time distribution is making possible. The foreign trader is keenly aware not only of the new markets but of the new imports from hitherto untapped sources, and that all of these changes will be added to and accelerated as progress is made in the winning of the war. All these things to come help to offset the necessary sacrifices of the present, particularly for those exporters who find small comfort in three billions of exports in which they did not share or in the excellence of markets from which they are presently shut out.

The 200 American manufacturers and exporters contributing to this survey are located in all parts of the United States. They represent a veritable cross-section of American products, the majority of them reporting on all of the markets included in this survey. In compiling this survey, no consideration is given to the question of Governmental debts or service obligations, and the classification of "Credit Conditions" refers to the situation within the various Latin American markets from the commercial point of view only, as judged by

American manufacturers and exporters. Comments made by those replying to the survey under the general heading "Collection Conditions" may be considered as indicating the current trend based on the definite experience of American manufacturers and exporters having commercial collection items in the markets surveyed. The "Terms" feature of the survey simply reports whether members' terms during 1942 to Latin American buyers were "unchanged" or had been "reduced" or "increased" over those granted during 1941, and the replies have been listed country by country in a percentage figure. The "Export Volume" survey requested a percentage figure comparing the value of 1942 exports with those of 1941. The country by country report is attached.

### Credit Conditions

Insofar as the present semi-annual survey is concerned, which covers credit conditions prevailing in the last six months of 1942, the members of the Foreign Credit Interchange Bureau believe that seventeen of the markets under consideration should be regarded as "Good," and six should be rated as "Fairly Good," with no countries rated as "Fair," "Poor," or "Very Poor." Twelve of the markets surveyed have higher ratings on the credit index than they had six months ago, while eleven showed slight declines. No rating was given the French Possessions in view of the fact that transactions there are on a cash basis through officially licensed sources.

**GOOD:** Mexico, Brazil, Peru, Panama, Argentina, Cuba, Netherlands Possessions, Venezuela, British Possessions, Guatemala, Colombia, Uruguay, Ecuador, Dominican Republic, Chile, Puerto Rico, El Salvador.

These seventeen markets appear in this classification in the order named. There has been some reshuffling in this order as compared with the preceding survey. Chile has moved into this classification from a "Fairly Prompt" rating six months ago. Puerto Rico dropped from fourth place to next to last, while Peru climbed to third place. It is noteworthy that Mexico and Brazil continue to lead in this classification as they did six months ago.





## SAVING MEN FOR OUR COUNTRY'S VICTORY

Production stops when manpower fails. Accidents must not be permitted to slow up the production for victory. The effective methods of accident prevention employed by the safety engineers of Employers Mutual assume new and greater importance in the war emergency and, if accidents are interrupting production schedules in your plant, we offer you the services of our safety engineering department to assist in their elimination. A consultation may be of immediate importance. Your inquiry invited.

# Employers Mutual

**LIABILITY INSURANCE COMPANY OF WISCONSIN**  
**HOME OFFICE: WAUSAU, WISCONSIN**  
**OFFICES IN THE PRINCIPAL CITIES OF THE UNITED STATES**

**FAIRLY GOOD:** Bolivia, Haiti, Paraguay, Nicaragua, Costa Rica, Honduras.

Bolivia replaces Chile in this classification having previously been classified as "Good." The other markets here listed were similarly rated six months ago.

**FAIR:** None.

**POOR:** None.

**VERY POOR:** None.

#### Collections

This is the first survey in which all markets are listed as "Prompt," and is the fourth consecutive semi-annual survey in which not a single one of the markets under consideration is rated as "Slow" or "Very Slow" from the point of view of collections. Nicaragua and Costa Rica have moved up from their classification of "Fairly Prompt" six months ago to "Prompt" in the current survey, and Chile and El Salvador showed distinct improvement in this survey. Mexico leads the classification whereas it was fourth from the bottom six months ago. Thirteen markets enjoy higher ratings in this Collection index than they had six months ago, while ten show a decline. French Possessions are unrated.

**PROMPT:** Mexico, Brazil, Panama, Argentina, Guatemala, El Salvador, Venezuela, Ecuador, British Possessions, Cuba, Peru, Puerto Rico, Dominican Republic, Chile, Netherlands Possessions, Colombia, Haiti, Paraguay, Uruguay, Honduras, Costa Rica, Bolivia, Nicaragua.

**FAIRLY PROMPT:** None.

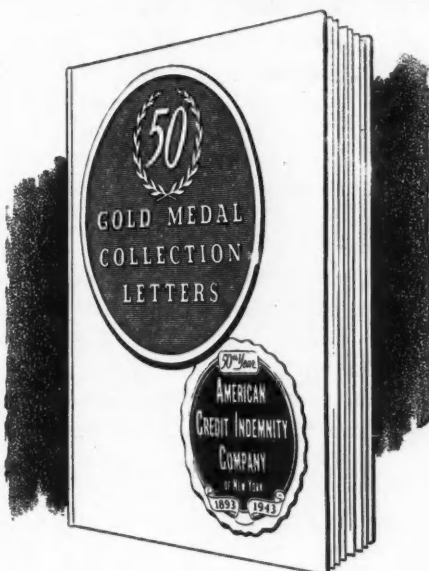
**SLOW:** None.

**VERY SLOW:** None.

#### Terms

The country by country report of the Terms survey is attached hereto. This survey definitely establishes the fact that "nine out of ten" U. S. exporters during 1942 continued to give their Latin American buyers the same accommodations they granted them in 1941. It is noteworthy that terms to Mexican importers were reported as 92% "Unchanged," 5% "Reduced," 3% "Increased," with corresponding reports of 91%—6%—3% for Brazil, 90%—7%—3% for Argentina, with the greatest change indicated in Venezuela where members reported 79% of them had kept terms unchanged, 19% had reduced, and 2% had extended more generous terms than they had granted in 1941.

## AMERICAN'S 50TH ANNIVERSARY COLLECTION LETTER CONTEST



The 50 GOLD MEDAL COLLECTION LETTERS will be reproduced full size, 8½" x 11", and bound in a handsome durable cover, as illustrated.

### READ THESE SIMPLE RULES

1. The contest is open to officers and employees of all manufacturing and jobbing firms, and service organizations, except employees of American Credit Indemnity Company of New York.
2. You may enter as many collection letters as you desire.
3. Each letter entered should be typewritten on your firm's stationery.
4. Prize awards will be made by a Committee of Judges for the winning 50 GOLD MEDAL COLLECTION LETTERS.
5. Decisions of the Judges will be final.
6. Letters previously published or appearing in any book are not eligible.
7. All letters submitted become the property of American Credit Indemnity Company of New York.
8. Entries must be mailed to the Contest Editor, American Credit Indemnity Company of New York, First National Bank Building, Baltimore, Maryland, not later than midnight, May 1, 1943.
9. Contestants will be notified by mail of the names of the winners as soon as possible after May 1, 1943.



OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

### Enter Your Best Collection Letter

In your desk is a proved collection letter . . . in the desks of fellow credit grantors are other letters that have extracted payments from slow accounts. As part of our 50TH ANNIVERSARY celebration, American Credit is conducting a 50TH ANNIVERSARY COLLECTION LETTER CONTEST to bring together in one book the best collection letters now being used by credit grantors. When the contest closes on our 50TH BIRTHDAY, May 1, 1943, the winning 50 GOLD MEDAL COLLECTION LETTERS will be assembled in a handsome, durable book and presented to our business friends as an ANNIVERSARY present. Your letter may be among the 50 GOLD MEDAL LETTERS

. . . but, even more important, you will be helping to assemble a book of proved collection letters for yourself and other business executives. Have your secretary copy your best collection letters (one or more) on your company letterhead . . . sign them with your name . . . and enter them today in AMERICAN'S 50TH ANNIVERSARY COLLECTION LETTER CONTEST.

★ ★ ★

### PRIZES FOR THE 50 GOLD MEDAL COLLECTION LETTERS

First Prize . . . . . \$100.00 in Cash  
Second Prize . . . . . \$ 75.00 in Cash  
Third Prize . . . . . \$ 25.00 in Cash  
For all other GOLD MEDAL LETTERS . . . \$10.00 Each

J. F. McFadden, PRESIDENT  
First National Bank Building, Baltimore, Md.

# Licking the American Accident Plague

## *National Safety Council Plans Nation-Wide Drive*

**THE** National Safety Council is making progress tracking down the spectre of manpower losses through accidental death and injury hanging over war production lines. Latest and biggest counter-move in what is shaping up as a national safety movement is a grass-roots drive on accidents planned for 14 major war production centers.

For the past several months the Council has been feeling out the national accident situation. A network of liaison with Government agencies, with private industry and over a hundred private organizations has been set up. And now, with the decks cleared for action, and armed by voluntary contributions through the War Production Fund to Conserve Manpower, the National Safety Council is in a position to go to town in a big way.

William A. Irvin, National chairman of the Fund and former steel executive who has emerged as the Nation's spokesman for safety in America, will visit areas hampered by accidents in turning out the tools of war with maximum efficiency. He will be accompanied by Colonel John Stilwell, president of the National Safety Council, and other representatives of that organization.

### Set Up Local Committees

**LOCAL** safety leadership will be enlisted among businessmen, industrialists, union heads and the municipal authorities in each center visited. Each city will be offered the full aid of the National Safety Council in curbing its accident toll. The aim is to make a double-barreled attack on accidents. The Council will serve as consultant and over-all co-ordinator. The Community will organize and get to work to route out accidents on the spot where they occur.

"To lick the accident problem there must be centralized leadership with complete technical resources," Mr.

Irvin explains. "This leadership will be provided by the National Safety Council—the general staff in our campaign. At the same time there must be combat troops, led by men who know the terrain. Here local leadership comes in."

The five-weeks swing around the country began January 17 from New York. It included stops at St. Louis, Chicago, Minneapolis, St. Paul, Seattle, Portland, San Francisco, Los Angeles, San Diego, Dallas, Ft. Worth, Houston, New Orleans and another city to be designated.

### Plan Nationwide Action

**I**N cities where there are local safety councils, they will be asked to enlist as charter members in the National Safety Council's revised war-time organization. This will provide a permanent framework for a nation-community plan of action. Where no local safety council exists, committees are to be organized which in time can develop into full-fledged safety councils in their own right.

Once community leaders have accepted responsibility for safety within their war production area, the community drive will get under way. A frontal attack will be made on industrial, public, school and home hazards, with the aid of Council experts.

Intensive community drives will be organized at once to get the continuing program off to a flying start. Industrial management will be asked to co-operate in stepped-up safety instruction courses. The police department will be asked to enforce to the letter ordinances covering traffic and pedestrians. Traffic court judges will be asked to use every opportunity to explain the evil consequences of flouting public safety in wartime.

The school superintendent and the teachers will be asked to stir up lasting concern for the safety of children, on which hangs the morale of war worker families. Children, as well as

citizen volunteers—perhaps block wardens—may be given home hazard check lists to take into the home for careful filling out. Safety for women, women war worker fashions and safety devices and the hazards of the unprotected war worker home will be dramatized for the benefit of 4,000,000 women to be recruited in war industry in 1943.

### Management-Labor Conferences

**O**NCE it gets under way, to keep community safety at a high pitch it is planned to have monthly safety meetings of management-labor committees. Regular safety meetings may be scheduled for foremen and workmen, especially in the smaller plants where accident-prevention inclines to laxity. Special plant protection measures may be worked out by community safety leaders with the representatives of the OCD, the FBI and the War Department.

Mr. Irvin and his colleagues will arrive with a definite plan for putting all these urgently needed measures into effect at once. The broad idea is to get safety started on a basis of community participation with local leadership. Fund financing and National Safety Council guidance. From the original 14 war production centers it is expected the idea will spread to other centers and spill over into the farms, where accidents are a threat to the dwindling labor supply.

The national-community drive to consolidate the national safety movement in all phases of American life was recently endorsed as a war measure by Dr. Thomas Parran, surgeon-general of the United States, and by James Forrestal, under-secretary of the Navy.

### Backed by Army-Navy

**I**T is an important part of the Department of Public Health's war-time responsibility to see that war production centers that have mush-



roomed overnight on the outskirts of large cities, or where open fields once stood, have proper sanitation, a decent housing regime and adequate medical facilities," Dr. Parran told America over the air. "The National Safety Council's work in these overcrowded centers is distinctly complimentary to our own work in public health."

Under-Secretary of Navy Forrestal, in coming out strongly for the campaign against accidents, called for more teamwork in the community to ensure maximum support of the fighting forces. "Our first job is to make weapons," Mr. Forrestal said. "Any impediment to their manufacture in this time of national crisis comes strictly under the heading of criminal negligence bordering on sabotage."

The national safety movement headed by Mr. Irvin has semi-official status, since by Presidential proclamation the National Safety Council was asked to use every means at its command to reduce the accident toll. Donald Nelson, chairman of the War Production Board, and Lt.-Gen. William Knudsen at different times have lauded the work of the Council.

**More Killed Than by Bombs**  
"WE in America have been the most careless of all countries in use of our material and human resources," Mr. Irvin said on the eve of his visits to the 14 war production centers. "Only Chile outstrips us in accidents. About one year after Pearl Harbor more American workers had been killed by accident, either on or off the job—46,300 all told—than men, women and children in Great Britain by German bombs up to the first of the year. In addition 4,000,000 workers were injured, 165,000 of them permanently. This adds up to 450,000,000 man-days lost. Anyone can see that we in the safety movement have a job on our hands, a job that will take plenty of will-power and money to complete. But we are confident of the outcome."

Mr. Irvin is former president of the U. S. Steel Corporation. During a 40-year career as steel-maker he contributed largely to a phenomenal reduction in the accident-experience of his industry, until today, despite inherent hazards, it stands in third rank.

**SWEAT . .**

**BLOOD . .**

**TEARS . .**

**must not be shed in vain**

Wasted are sweat, blood and tears without the tangible products of industrial might. From production will come victory today . . . a more abundant life tomorrow. We in America have built the world's greatest industrial capacity . . . and we must guard it well. Insurance, in supplying this protection, is shielding America's most vital asset for peace or war.

Your U. S. F. & G. agent is familiar with wartime insurance problems, business and personal. For your protection, get in touch with him today; you'll find him listed in your 'phone book.

***"Consult your Agent or Broker  
as you would your Doctor or Lawyer."***

**U.S.F.&G.**  
UNITED STATES FIDELITY AND GUARANTY COMPANY  
*with which is affiliated*  
FIDELITY & GUARANTY FIRE CORPORATION  
HOME OFFICES: BALTIMORE

# New Standard Fire Insurance Policies in Effect in New York After July 1st

(Continued from Page 18)

were in such fine print that "they could only be read by the aid of a magnifying glass." As a result, hold-

ers of policies were often unaware of conditions that materially affected their business. And, after losses, there were many litigations. With exception of a few areas where a form of

## IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO

AND OF \_\_\_\_\_ DOLLARS PREMIUM

this company, for the term } from the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
of \_\_\_\_\_ } to the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

at noon, Standard Time, at location of property involved,

to an amount not exceeding \_\_\_\_\_ Dollars,

Does insure \_\_\_\_\_

and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company

at \_\_\_\_\_

\_\_\_\_\_  
Secretary. President.

Countersigned this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

policy that had been worked out by Massachusetts was in use, the situation was generally chaotic throughout the country.

The first New York Standard Fire Insurance Policy, which was adopted by the State Legislature in 1886, was a progressive improvement in insurance that was big with import. It reduced chaos to order in New York. And it was adopted as a model in many other States. But, with the passing of time, a number of its clauses became antiquated and outmoded and some of its restrictions and exceptions proved to be unduly severe. For example, the clause excepting items of property from coverage ("unless liability is specifically assumed") applies to such articles as awnings, curiosities, drawings, dies, implements, jewels, medals, models, patterns, pictures, scientific, apparatus, signs, store or office furniture or fixtures, sculpture, tools or property held on storage or for repairs—and here it may be parenthetically stated that none of these excepted items appears in the "1943" revision. Another example that may be cited is the "Prohibited Articles" clause which permits the use of kerosene oil for lighting only and allows the sale of that product "provided it be drawn and lamps filled by daylight or at a distance not less than 10 feet from artificial light." And it may be noted that not only this limitation but the entire "Prohibited Articles" clause is omitted in the new revision.

These references to the first New York Standard Policy are not just a matter of historical interest. That form is in use in more than half of the 48 States today.

The next stage of the progressive movement was marked by New York's adoption of the second Standard Fire Insurance Policy in 1918. That policy, which is still in effect and will remain effective until it is replaced by the new Revised Policy next July is a decided improvement over the first or "1886" New York Standard Policy. Many outmoded conditions and provisions were eliminated in drafting the "1918" policy—but a number of such terms were retained.

The culmination of the progressive movement to date is the Revised New York Standard Fire Insurance (1943).

There are five forms of fire insurance policies now in use in the United States.

The first or "1886" New York Standard Fire Insurance Policy, in substance, is used in 27 States—Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Utah and Washington.

The second or "1918" New York Standard Fire Insurance Policy, in substance, is used in 15 States (Arizona, Colorado, Illinois, Maryland, Michigan, New Mexico, North Carolina, New York, Pennsylvania, South Carolina, Vermont, Virginia, West Virginia, Wisconsin and Wyoming) and in the District of Columbia.

The Massachusetts policy, in substance, is used in four States—Massachusetts, Maine, Minnesota and New Hampshire.

California and Iowa respectively have their own policies.

It is to be noted that the Massachusetts policy does not have the so-called "Moral Hazard" clauses—"Unconditional and Sole Ownership," "Leased Ground," "Foreclosure" and "Chattel Mortgage" conditions voiding or suspending insurance—and does not carry the clause ending liability on the fall of a building. But there are a number of clauses in this form of policy which are fully as antiquated and outmoded as any appearing in the first or "1886" New York Standard Fire Insurance Policy.

The California Policy and the Iowa Policy also carry corresponding antiquated and outmoded clauses—including "Moral Hazard" conditions and the "Fallen Building" provision.

As a result of attempts to "modernize" by use of riders and endorsements, Fire Insurance Policies in every State in the Union are cluttered with additions and attached writings. All this is obviated in the new Revised Policy—which represents modernization by the direct method.

#### Look for Wide Acceptance

THE fact that the first and second New York Standard Fire Insurance Policies won acceptance in many other States on their respective merits points to still wider acceptance of the Revised New York Standard Fire Insurance Policy of 1943. For this revision possesses many more merits than the two preceding forms.

This is not just a forecast. Already—five months before the new Revised Policy's effective date—progress toward widespread adoption has materialized.


In New Jersey, the State Association of Insurance Agents and the State Bar Association are urging "identical adoption" of this policy on the State Legislature. In Alabama, the State Association of Insurance Agents has placed itself on record as recommending adoption of the policy. From Michigan and a dozen other States—and from distant Hawaii—

come reports of favorable consideration of the policy. An eminent authority on Fire Insurance has expressed opinion to the effect that within two years the new Policy will be adopted in at least 30 States.

#### Literally True

Gentleman (to friend with gout): "Your pain might be worse. You should bear it with Christian resignation."


Friend: "I can assure you I'm not kicking."



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BUY  
UNITED STATES  
WAR  
SAVINGS BONDS**

★  
**And Then—Invest in  
Yourself  
by Credit STUDY!**

■ Never before has the challenge to *know* been greater. Today's credit executive must *know* his job from A to Z.

He must be prepared for war-time . . . and post-war . . . problems. That requires ability and initiative — *and background knowledge*.

The best background *knowledge* comes from education. That's why the NIC course in Credits and Collections is a "MUST" for 1943.

Return the coupon today to the National Institute of Credit.

Let us tell you how we are prepared to help *you* meet the credit problems of today and tomorrow!

Your interest in your credit future is certainly worth a 3¢ stamp! Fill in this coupon and mail it today to . . .

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Please send me full information about your course in Credits and Collections.

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## **Trials of Small Business in War Economy**

By E. J. STEWART,  
*United Metal Seal Co.*

**F**IRST of all, we should decide in our own minds just where the dividing line of Small Business exists! The answer to that question is not very difficult. It is the general sense of the Smaller Business Men's Association of New England that any average enterprise employing less than one hundred hands, except in a few isolated, highly specialized cases, would most surely be classified as small business.

At this point, I would like to properly identify the part my firm plays in this discussion. I am at present a manufacturer of special metal parts for our armed forces. I employ less than twenty-five highly skilled tool, jig and machine part mechanics, but could easily absorb twice my present force if such men were available.

For thirty years before the war emergency, we were agents for and built all kinds of bottling equipment for the Beverage and Brewery trade.

At least six months prior to the freezing order, on our line of equipment, we began a systematic study of the outlets offered to us of securing machine work for our shop. We registered our plant and machine tool facilities with literally hundreds of large plants and all of the agencies of Government in the Eastern States area. We followed this method up frequently with various types of reminders and made countless personal calls on the nearby companies. We kept a careful check on all major prime contracts awarded and if we felt we might be qualified to do a portion of the work, we contacted such successful bidders and offered our facilities.

As far as we know, no stone was left unturned in searching for some relief for our fast dwindling volume of machine work.

Yet, it was our experience that the only contract we secured through any of this effort was through the W.P.B. office and was most unprofitable due to too short a time permitted us for estimating, and the fact that discrepancies developed in the drawings submitted to us.

All work now being performed by

us has been secured from a few nearby plants through my personal solicitation. These plants needed our facilities because they have been unable to deliver within the time limits of their contracts, or do not have the personnel or tools to do the work themselves. We know of not one contract or order placed by the prime contractor because of any Government regulation requiring the splitting of his contract with Small business.

During most of the early period of conversion, many of you will recall that Mr. Knudsen's O.P.A. was in the saddle. Later the W.P.B. took over and with more and more pressure being exerted in Washington, the administration finally in order to lull Smaller Business men to sleep, brought forward a ruling purporting to smooth the turbulent sea for the "Little Fellow" by forcing the large Prime Contractors to slice off a few thin cuts to Small Business. What a farce that edict turned out to be. We all have seen huge plant expansion spring up from coast to coast and the squeeze goes marching on.

Permit me to say that this great country of ours was built up by small business, and its foundation was first laid by the ingenuity and Yankee skill of a few smart individuals who had courage, vision and patience, but who had very little money.

It was my privilege to contact men in widely scattered fields of endeavor. The purpose of the survey was to secure accurate information and facts on just what each concern's problems were and what it had done to relieve the situation.

Believe it or not, my friends, much as I hate to admit it, most of the trouble lay right in the hands of the War Production Board itself.

Our aim was to secure first hand information to be used before the Senator Murray hearings at Washington this month to assist Small Business in the future.

Naturally some of the reports were most caustic and critical; others gave us the feeling that Small Business needed coaching rather than censorship. I

(Continued on Page 39)

(Continued from Page 97)

me, I would most strongly urge that steps be taken to keep purchases to a minimum, and everything possible be done to reduce the inventory to \$40,000.

Please don't think me presumptuous. You, of course, know your own problems. I don't know much about merchandising, but I have had experience in following developments with many firms whose statements come under my observation. Although I know you have undoubtedly considered this inventory situation yourself, sometimes an observation from an objective point of view will stimulate a new line of thinking that proves to be helpful. Keep me posted on your progress.

Yours very truly,

#### Analysis of Letter on Question of Expenses

- Par. 1 An acknowledgment.
- Par. 2 Establishes Dun and Bradstreet as the authority upon which the criticism is based. This paragraph arouses interest. Anyone likes to know how he "checks up."
- Par. 3 Mentions good points first; appeals to self-interest.
- Par. 4 Establishes his importance; anticipates the customer's possible reaction that his business is an exception; appeals to self-interest.
- Par. 5 Further appeals to self-interest.

Dear Mr. Blank:

Thanks very much for your profit and loss statement

for 1939, supplementing the financial statement you sent us last week.

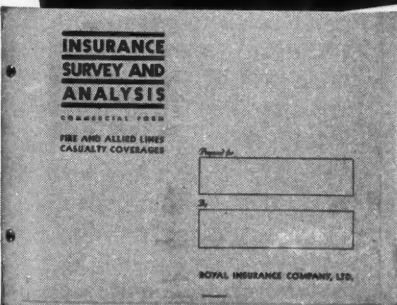
In the past four years, Dun and Bradstreet have gone into some very extensive research work on retail operations, and have compiled statistical percentage figures on sales, expenses and profits for various types of businesses. Thinking that you might like to know how your profit and loss statement compares with these averages for your line of business, I am enclosing the figures for women's ready-to-wear shops doing business for cash. The percentages are all based on sales.

You will note that you are well in line on salaries, utilities, and taxes, but that advertising, rent, and miscellaneous expenses are higher than Dun's figures. The miscellaneous expenses are so far out of line that I urge you to have that figure broken down into more detailed accounting, so that you can see what boosts that percentage so high.

You, of course, know your own problems and are in best position to judge whether it would be possible to bring some of these expenses down to agree more or less with the standards. Naturally conditions vary, and no one business could be expected to conform in every respect to these percentages. Nevertheless, I offer them for what they may be worth to you, and believe it would be to your advantage to give the matter further thought.

Our only thought is to help you make profits. If we can be of further service to you, let us know.

Cordially yours,



## "A CREDIT REPORT" on Your Insurance Set-up

**COST-FREE** and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

*Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?*

# ROYAL-LIVERPOOL GROUPS

**ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N.Y.**

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## Ratio Analysis As Sales Aid

(Continued from Page 6)

to help and guide merchants in their efforts to get their affairs into better shape. Not every merchant is able or even inclined to take advantage of our suggestions, but almost invariably we have at least created good-will for the house through our interest and friendly offer of assistance.

I would not hesitate to say that the number of dealers who have become better merchants and better customers through our use and application of comparative ratio analysis would make up quite an imposing list. In addition, it has enabled us through our intimate knowledge of their affairs, to continue to sell many dealers who would otherwise have been dropped from our customer list.

At other times—though happily not very often—it has enabled us to see clearly the inevitable end of a business, because of the steady downward trend, and has permitted us to gradually withdraw and avoid or at least lessen a loss.

Most of all, it has made credit work a source of pride and satisfaction to us, and has given us a feeling that we, in the credit department, are an active and positive factor in the successful growth and development of our business and of its good name in the trade.

## Competition and Free Enterprise

(Continued from Page 11)

charges of each to some one common denominator embracing time and amount. And to do this job, he would have to be skilled in mathematics, which he isn't. The solution, obviously, is for lenders to state their total charges for loans according to some one uniform method. The best method would be to express the total cost as a per cent of current monthly balances. (Any other method permits juggling with one of the two variables: principal and time.) Then consumer borrowers could then compare the true costs of loans from various sources intelligently and secure the benefits of more effective competition in the consumer loan field.



It is probably too much to expect that lenders will voluntarily come to express their charges in the same way so that consumers may more easily determine which to patronize. Like the seller of goods, each lender naturally desires to hang on to all devices and methods which yield him apparent or real advantages over his competitors. Yet, only by making competition more nearly perfect and effective can the free enterprise system achieve maximum effectiveness.

## Business Interruption As a Credit Factor

(Continued from Page 14)

*inquire into*, but do not require Windstorm insurance; and 4 per cent *inquire into*, but do not require other lines of insurance.

Perhaps these estimated percentages indicate the reason why a substantial part of the millions of dollars of credit loss each year can be directly traced to inadequate or total lack of insurance. This condition is not a reflection on Credit Men, but is emphasized here in the hope that it may have some influence in stimulating Credit Men to require adequate insurance protection on the part of their customers.

This discussion has been confined primarily to insurance against loss from fire and is purposely abbreviated. Any insurance program involves many questions which deserve

individual analysis and consideration. These should be discussed by the Credit Man or his customer with his insurance agent or broker.

## Salesmen Given Additional Gas Under OPA Order

**C**An announcement by the Office of Price Administration dated January 5, will be of interest to those companies who have salesmen traveling by automobile. This announcement is to the effect that additional mileage will be allowed salesmen distributing essential commodities—except, of course, in the 17 Eastern states where all forms of motor travel have been banned for the present.

The OPA announcement is to the effect that qualified salesmen will be allowed up to 65 per cent of their last year's mileage, or a total of 8600 miles a year, whichever is less—outside of the Eastern district as mentioned above. The additional rationing books for the extra mileage for salesmen were made available after January 8.

To qualify, salesmen must have been principally engaged in sales activity for the last three months, or he must be taking the place of a salesman who was so engaged. The OPA announcement designated eligible salesmen as follows:

1. Those primarily engaged in selling necessary materials or necessary equipment for the operation of naval, military or hospital establishments or facilities, common carriers, public utilities, industrial, extractive or agricultural establishments essential to the war effort, or any other of the establishments or facilities listed as essential in the gasoline rationing regulations.
2. Those principally engaged in selling those foods, building materials, clothing, fuels, and medical supplies which are essential to public health, and safety, except those selling direct to consumers for personal family or household use.

**Send Books  
see above**



# NEWS ABOUT CREDIT MATTERS

A section devoted to  
Credit Association affairs

February, 1943

Copy deadline  
10th of month

## Three Convictions In January are Made on Frauds

Conviction of three individuals (two cases) were added to the score of the Fraud Prevention Department of the National Association of Credit Men during the month of January, 1943. This is in addition to 10 convictions during 1942, which William G. Betsch, Assistant Vice-President of William Iselin & Co., Inc., of New York, and Chairman of the Fraud Prevention Committee of the National Association, announced in his annual report.

The first case in January came in the Philadelphia District where Alexander and Morris Eisenberg, trading as Eisenberg Brothers, were sentenced to a term of one year and one day by Judge Wm. Kirkpatrick in the United States District Court for the Eastern District of Pennsylvania. The charge against Eisenberg Brothers was concealment of assets. The second case in January was against Mayer Horowitz operating as a cloak and suit manufacturer who was found guilty on two counts of mail fraud in connection with alleged false financial statements and sentenced to 10 months in prison on each count. This case was heard before Judge Wm. Bondy, United States District Judge for the Southern District of New York.

In his annual report Chairman Betsch in reporting on the 10 commercial fraud convictions in 1942 pointed out that the Fraud Prevention Department had participated in obtaining evidence resulting in the indictment of 11 others. Thirty-six cases against alleged fraudulent operators are pending and 19 individuals are now awaiting trial, Mr. Betsch states.

In pointing to this record of the Fraud Prevention Department Mr. Betsch points out that the year 1942 marked a new low in business losses through fraudulent business operations, fraudulent failures and other commercial crimes. Continuing, Mr. Betsch said, "By continuing its deterrent influence now, this fraud prevention activity will provide a bulwark of protection against post-war problems such as the commercial fraud situation which faced American business and industry after the last war and which led to the establishment of the Fraud Prevention Department in 1925.

## 25 YEARS IN SERVICE

A feature of the January issue of CREDIT NEWS published for the Chicago Association of Credit Men was a list of firms which on Dec. 31, 1942, had completed more than 25 years of service by maintaining continuous membership in the Chicago and National Associations of Credit Men. The names of nearly 300 leading firms in Chicago appeared on the list.

## Omaha Advises Credit Men on Par Clearance Plan

Omaha: The Wholesale Association of Credit Men recently issued a bulletin to its members on the important subject of Par Clearance of Checks and urged every member to stamp every check received from out of town customers as follows:

Deduct No Exchange.  
Pay at par only or  
return—no protest.

On the matter of non-par payment of checks, the Omaha Association bulletin presented the following facts:

"Your special committee which has worked on the problem recognizes that banks should be compensated for reasonable service charges. It is contended, however, that assessing of charges on the payment of a check is a trade barrier and when a merchant sells a bill of goods he is entitled to payment at par, that is, remittance in full for the agreed price of the merchandise.

"The simplest solution would be to have a law which prohibits the practice. However, it is not believed advisable to try this approach at present. We do believe that our plan as outlined below will work and is worthy of a fair trial. Our plan is as follows:

"Our problem of exchange is with the banks not members of the Federal Reserve System. All National Banks and some State Banks are members of the Federal Reserve System. Therefore, we recommend that all checks which you may receive drawn upon any State Banks, or Co-Operative Credit Associations, be imprinted with a rubber stamp, stamped over the amount, stating 'Deduct No Exchange. Pay at par only or return—no protest.'"

## Post-War Study Programs Planned By Local Assns.

What will be the role of the U. S. in the post-war world? What will be the role of private enterprise in the post-war U. S. economy? What will be the role of credit management in the post-war credit and financial structure?

These and many other questions of like caliber and significance will be the basis of discussions at forthcoming meetings of the local credit Associations affiliated with the NACM, as a result of a special post-war study and discussion program recommended to each local Association under the auspices of the NACM's National Committee on Post-War Credits in cooperation with its National Credit Education Committee.

For the past several months, the NACM's National Committee on Post-War Credits has been engaged in discussions, through correspondence and meetings, of the role of credit in the post-war economy. Late in December the final agenda for this entire subject was drawn up by the committee which is under the Chairmanship of National Vice-President Paul W. Miller, Vice-President of Atlantic Steel Company, Atlanta, Ga.

The other members of the committee are: Past NACM President William Fraser, J. P. Stevens Co., New York; Past NACM President P. M. Haight, International General Elec. Co., New York; Past NACM President William H. Pouch, Concrete Steel Co., New York; National Vice-President Robert L. Simpson, C. T. Patterson Co., New Orleans, La.; and Past NACM President Charles A. Wells, John S. Brittain Dry Goods Co., St. Joseph, Mo.

In the Jan. 15 issue of the *Monthly Business Review* by the Executive Manager, a special section was devoted to a condensation of the committee's agenda in the course of a post-war discussion by Henry H. Heimann. Continuing, Mr. Heimann said:

"To implement the committee's agenda a program is now being developed which envisions the cooperative study of these credit considerations by means of special meetings and forums conducted by the local affiliated units of this Association. Thereby the nation's credit executives will give their characteristically thoughtful, practical consideration to the means of re-

establishing and maintaining a peaceful and prosperous nation in a peaceful and prosperous family of nations."

The National Committee on Post-War Credits recommended this study and discussion program and a special bulletin prepared by the Association's Public Relations Department was sent out by Mr. Heimann in January to those officers of local Associations particularly responsible for the local meetings and educational program. The National Credit Education Committee, under the Chairmanship of Mr. Pouch, has recommended this as well for individual or cooperative or joint study by all local Chapters of the National Institute of Credit, the affiliated local units of the NACM's Educational division, and the local Associations.

In this connection the bulletin sent from National headquarters listed a bibliography of publications, books and articles, as well as a list of speaker arrangements that could be considered, besides possible subjects for local program development.

The excellent reception that is expected for this post-war study program is already indicated in meetings held or scheduled to be held, word of which has already reached National headquarters. These include the following:

**South Bend:** Consideration of Post-War Credit and Business Problems is on the agenda of the local Association, and announcement has been made by the Program Committee of the South Bend ACM that Henry H. Heimann, Executive Manager-on-leave of the NACM, will be the featured speaker at the Feb. 19 meeting of the local Association. His subject will be "Credit for and After the War."

**Philadelphia:** An open forum discussion of post-war economics has been scheduled by the Credit Men's Ass'n of Eastern Pennsylvania, to be held following a dinner meeting on Wednesday, Feb. 24, at the New Century Club here.

**New York:** On Jan. 22 the New York Credit Men's Ass'n held a forum on "Post-War Considerations and Challenges" in Town Hall with a panel of experts leading the discussion which was followed by an open forum. Those participating included: David C. Prince, Vice-President of General Electric Co., an outstanding research and economic planner; Robert Moses, New York Park Commissioner and Developer of Public Projects; Dr. Forrest F. Hill, former Governor of Federal Farm Credit Bank, Economic Consultant to New York States Ives Committee; Wm. B. Groat, Jr., Counsel to the Ives Committee; Hon. Jacob Schwartzwald, New York City Court Judge, former State Senator and Ives Committee Vice-Chairman; Dr. Philips Bradley, Co-Director of Education, Ives Committee; Dr. Lewis Wilson, Deputy New York Commission of Education; and Milton O. Loysen, Ex-Director, Department of Placement and Unemployment Insurance of New York.

**LAST CALL FOR  
1943 CREDIT MANUAL**

## Chicago Chapter to Have Two Courses in Advance Credits

Chicago—Two advanced courses in Credit Management are offered by the School of Commerce of Central YMCA College for the spring semester opening Feb. 9. The courses, Financial Statement Analysis and Problems in Credit Management, will both be taught by Arthur L. Stang, credit manager, Cracker Jack Co. Many of the students in the preliminary course in Credit Management given last fall under the direction of the Chicago Ass'n's educational committee, are planning to take the advanced courses.

More than 100 members of the Chicago ACM enrolled for the series of lectures for junior and senior credit men and women given under the auspices of the Chicago NIC Chapter. The series, designed not only to supplement the course in credit management conducted by the Ass'n's educational committee but also to give all credit executives an opportunity to keep pace with the latest methods of credit management, is being held in the Ass'n's offices on Wednesday evenings in January, February, March and April. J. T. McKenna, Chicago Molded Products Co., chairman of the Chicago Chapter, presides at the lectures.

The first lecture on Jan. 13 by Allen Selby, Chicago Daily News, Inc., was on "Financial Statement Analysis." Speakers and their subjects for the balance of this series are: Feb. 17, "Credit Department Procedure," R. L. Seaman, The Florsheim Shoe Co.; Mar. 17, "Collections," A. L. Ludolph, Franklin MacVeagh Co.; Apr. 14, "Legal Entanglements," W. H. Hottinger, Jr., Bowey's, Inc.

**Toledo**—The Credit Education Committee of the Toledo ACM inaugurated a class in effective public speaking this term with sessions beginning on Jan. 20 at the YMCA. H. T. Fulton, who has been conducting classes in the evening session of Toledo University for the past several years, is instructor of the class, which was limited to an enrollment of 25.

**Minneapolis**—The spring semester of the Minneapolis NIC Chapter began late in January with two courses running consecutively each Thursday at the association's offices. Advanced Credits is under the instruction of John McGrath, of Loose Wiles Biscuit Co., and Business Law is being taught by C. J. Wagner, a local attorney.

**Philadelphia**—On Saturday, Jan. 30, in the auditorium of the New Century Club, the Credit Men's Ass'n of Eastern Pa. sponsored morning and afternoon lectures on Letter Writing by Miss Aline E. Hower, St. Louis letter counselor.

A series of lectures has been announced starting on Monday evening, March 1, on vital subjects affecting credit by experts in their respective fields. The meetings will continue each Monday through March 29

inclusive, sessions being held in the association's class room in the Commerce Trust Building.

**Boston**—Fred R. Hall, regional manager of the Bureau of Finance, War Production Board, spoke on "War Production Financing," at the Jan. 19 meeting of the Boston NIC Chapter. Mr. Hall is also regional loan agent for Smaller War Plants Corporation.

**Syracuse**—Under the supervision of Instructor H. Myal Roberts, the class in Modernized Credits has been proceeding successfully and all of the registered students report definite benefits from participation in this phase of the educational activity of the Syracuse ACM.

**Chattanooga**—Corbin Woodward, of Chattanooga Medicine Co., is serving as chairman of the Educational Committee of the Chattanooga ACM, according to a recent announcement from the local association headquarters. Associated with him are: Herbert Spaulding, Hamilton National Bank, and D. L. Lewis, Miller Bros. Co. Mr. Woodward is also chairman of the Credit Congress attendance committee for Chattanooga and the association's holding committee.

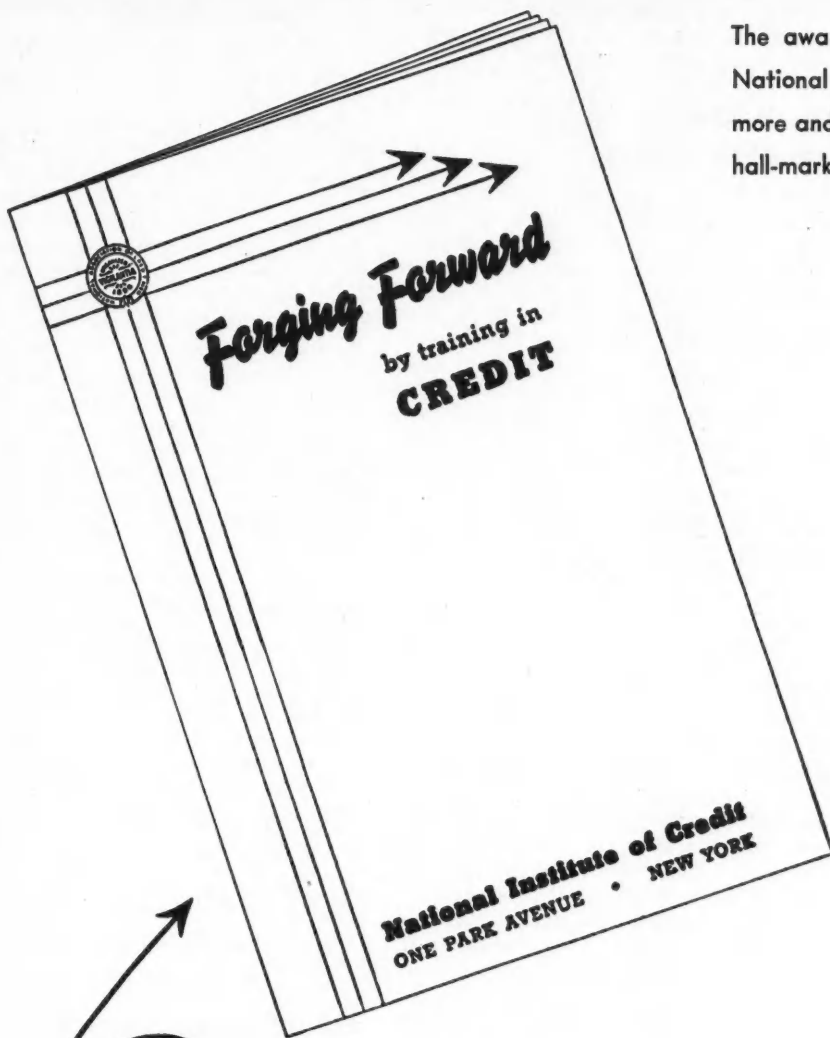
C. R. Haensch, of Cavalier Corp., a former student, has been named chairman of the attendance committee for Chattanooga in connection with the Summer Institute of Credit Management which has been held for the past two years on the campus of Babson Institute, Babson Park, Mass.

## Mid West Credit Groups Join in Chicago Meeting

Chicago: Lieutenant B. D. Jackson, who served on the Yorktown in the Pacific, was announced as the speaker at the joint luncheon meeting at the Midwest Conference held by credit men groups of the Chicago Association of Credit Men in Chicago, Friday, Jan. 22. This was the first combined Midwest Group Conference of the Drug, Chemicals and Allied Lines Credit Group and the Food and Confection Manufacturers Credit Group.

Other speakers announced were: Major Virgil O. Wodicka of the Q.M.C. Subsistence Research Laboratories at the Chicago Quartermaster Depot in Chicago, who spoke on "Government Food Analysis"; Harry C. Phibbs, of the Phibbs Advertising Co., who spoke on "Drug Trade Problems In a War Economy"; Paul C. Raymond, assistant cashier of the American National Bank, who spoke on "Taxation and Regulations"; and Will S. Ellis, assistant manager of the Royal-Liverpool Groups.

This was the ninth annual conference of the Drug, Chemical and Allied Lines Credit Group and the fifth annual conference of the Food and Confection Manufacturers Credit Group.



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## 8 Past-Presidents Attend Banquet of Milwaukee "C" Men

Milwaukee: Eight past presidents attended the Past Presidents Night held in the Banquet Room of the Hotel Schroeder recently. About two hundred members and guests from Milwaukee and adjoining cities were present.

President Frank G. Herbst introduced the following past presidents seated at the head table: Harry L. Eisen, 1907-09; R. J. Dempsey, 1922-23; R. S. Shannon, 1931-34; F. F. Stuckert, 1937-38; E. C. Hoe, 1917-18; A. H. Lambeck, 1929-31; E. G. Losse, 1934-36; Geo. J. Christiansen, 1940-42.

Another feature of the evening was the recognition of Secretary H. S. (Skip) Garness for the completion of ten years' service as Secretary-Manager. President Herbst, in behalf of the Association and Directors, presented him with an appropriate gift and expressed best wishes for his future, which was warmly applauded.

Miss Loretta M. Fischer, President of the Milwaukee Credit Women's Club received recognition. Frederick H. Schrop of the National Staff, who was a guest, brought greetings from Mr. Heimann and the National Association.

## Riddick Is Given New Duties at the Osborn Mfg. Co.

Cleveland: Henry T. Riddick, with The Osborn Manufacturing Company of Cleveland for the last 32 years, has been named sales service manager of the company's brush division. He will continue to serve as Credit Manager, which office he has held for many years. In his new duties he replaces L. J. Bechhold, who recently resigned.

Active in the affairs of Cleveland credit men, Mr. Riddick two years ago served as president of the Cleveland Credit Men's Association.

Riddick is also chairman and charter member of the Cleveland Office Managers' Club and a member of the Cleveland Export Club.

## Cincinnati Reports 1942 Was Best in Association Record

Cincinnati: The Cincinnati Association of Credit Men reports the close of the most successful year in its history.

In spite of the handicaps that are part of the war economy, the Association has the distinction of ranking first in Class B membership. All of its activities reflect a stimulating, healthy interest on the part of the membership. Attendance at the Credit Club luncheons, held weekly at one of the downtown hotels, have increased 50 per cent; weekly bowling parties and group meetings continue to be big drawing cards; and monthly dinner-meetings are well supported.

The Association maintains the interest

and cooperation of its members by carefully planning programs of national and important local interest. Through the services of a publicity director, news stories of the Association's activities appear almost daily in the three local papers.

## A. G. Oakley Honored on 45th Anniversary

New York: Alonza Gore Oakley, Vice-President of the U. S. Fidelity and Guaranty Company, recently completed 45 years of service and is now listed as the oldest member of the entire U. S. F. & G. Co. He has been in charge of the New York office in the Casualty and Surety Business for several years. He recently received many messages of congratulations from friends in the business world upon the completion of his forty-fifth year with the U. S. F. & G. Co.

## C. W. Smith Heads Chattanooga Assn.

Chattanooga: The January dinner meeting of the Chattanooga ACM was held at the Read House. Orville E. Johnson, C.P.A. and manager of Orville E. Johnson and Associates, was the principle speaker of the evening, and his talk was on the new tax bill. Following his address, members were permitted to ask questions.

As this was the first meeting of the new year, the following officers and directors were installed: C. W. Smith, Ragland Bros. Co., President; L. A. McWhorter, Miller-Smith Hosiery Mills, First Vice-President; Herbert Spaulding, Hamilton Natl Bank, Second Vice-President; G. Royal Neese, Adjustment Bureau, Secretary-Treasurer; Corbin Woodward The Chattanooga Medicine Co. Chairman of the Board.

## Borden Man Retires After 54 Yrs. on Job

New York: Thomas G. Fletcher a member of the National Association of Credit Men since June 21, 1921, and Credit Manager of the Borden Company Sales Division, recently retired after a business career of 54 years. Mr. Fletcher began as office boy for the Anglo-Swiss Condensed Milk Co. of New York and started his work in the credit field with the Borden Co. in 1902. He has been in charge of credits for the Sales Company for the past 40 years. Clarence E. Cranch, of the Borden organization, succeeds Mr. Fletcher.

## Kansas City Secretary Named Oil Rationer

Kansas City: Joseph Ham, Secretary of the Kansas City Ass'n of Credit Men, has been appointed Fuel Oil Rationing officer in Kansas City under the Office of Price Administration. The Board of Directors of the Kansas City Ass'n has granted Mr. Ham a semi leave of absence for the duration, or for the time required to handle his oil rationing job. Mr. Ham will continue as office director for the Kansas City Ass'n.

## Association Files Rated for Damage By Enemy Bombs

Oakland: An item in the Oakland California *Tribune* recently told of the appraisal of the credit files of the Wholesale Credit Association of that city for the purpose of determining the amount of war damage insurance that might be placed on these assets. The article quotes Kenneth S. Thompson as General Manager to the effect that it would require a staff of women six times larger than the usual force working forty hours a week the whole year to replace the information contained in the Association's credit files.

Mr. Thompson pointed out that the files contain information concerning thousands of business enterprises in Alameda and Contra Costa Counties, as well as many others throughout Northern California. He indicated that it was almost impossible to place a definite dollar value on the credit file.

## Rochester "C" Men Hear About Taxes

Rochester: Dr. Donald Wood Gilbert, Dean of the Graduate School of Arts and Science of the University of Rochester, was the speaker at the Jan. 13 dinner meeting of the Rochester Association of Credit Men. Dean Gilbert's subject was: "Corporate, Personal and Victory Taxes in 1943." This dinner meeting was one of the important sessions of the year. Many credit executives brought as their guests fellow executives from the sales and financial divisions.

## Philadelphia Mourns Membership Leader

Philadelphia: Dabney O. Linthicum, chairman of the membership committee of the Credit Association of Eastern Pa., passed away on Jan. 1. Mr. Linthicum in 1941 received the award for doing the best membership work for the year, and last year was named Chairman of the Membership Committee.

Death came quite suddenly. Mr. Linthicum having attended the conference of his Membership Committee at the office of the Association on Dec. 31.

## Mary Lou Voss Is Wed to E. W. Lukie

Cincinnati: Announcement was made here by Mr. and Mrs. Harry Voss of the marriage of their daughter, Mary Lou, to Edgar W. Lukie. The marriage being solemnized at the home of the bride on Dec. 26. Mr. Lukie is in the Red Cross Field service and his bride will join him as soon as he has been assigned to a definite post. Delegates at the Cincinnati Convention will remember Mary Lou as one of the untiring members of the Cincinnati Reception Committee.

First Banquet of Central Division of Pennsylvania

Harrisburg: The first annual banquet of the Central Pennsylvania Division of the Credit Men's Association of Eastern Pennsylvania was held on Friday evening, Jan. 8, at the Penn-Harris Hotel, Harrisburg, Pa. A reception was held prior to the dinner, the members of the Central Pennsylvania Division receiving their guests.

A large delegation from Philadelphia attended including H. E. Rhell, president; J. V. Marron, vice-president; John T. Brown, Jr., counselor and past president; C. Sharpless Jones, past president, and Ralph D. Withington, national director and past president.

David A. Weir, assistant executive manager of the National Association of Credit Men, was the speaker and he delivered an outstanding address on the subject, "War Effort and Peace Preparedness."

James E. Jones, assistant secretary and assistant treasurer of the Central Iron & Steel Co., former president of the Harrisburg Association of Credit Men and chairman of the Central Pennsylvania Division, acted as toastmaster. The meeting was most enjoyable and successful. The division, taking in a territory combining Lancaster, Harrisburg and York, gives every indication of developing quickly into a strong unit.

Harrisburg Members Now Affiliated with Phila.

Harrisburg—The recently organized Central Pennsylvania Division of the Credit Men's Ass'n of Eastern Pa., which has its headquarters at Philadelphia, heard David A. Weir, ass't executive manager of the NACM, at the banquet meeting on Jan. 8, in the Penn Harris Hotel.

James E. Jones, ass't secretary and ass't treasurer of the Central Iron and Steel Co., Harrisburg, was in charge of the meeting as chairman of the Central Pennsylvania Division which formerly was constituted as the Harrisburg Ass'n, having affiliated with the Eastern Pa. Ass'n during the past fall.

A delegation of Philadelphia members attended the meeting, which heard Mr. Weir analyze the important role that sound credit can play both in the battle against ruinous war time inflation and in post-war rehabilitation.

Davis and Weir Are Washington Speakers

Washington—Elmer Davis, OWI Director, and David A. Weir, ass't executive manager of the NACM, shared the speaking program at the dinner meeting of the District of Columbia Bankers Ass'n, of Jan. 18, at the Columbia Country Club in Chevy Chase, Md. John A. Reilly, president of the Second National Bank of Washington, was in charge of the meeting.

OUR MEN NEED  
\* BOOKS \*  
  
SEND  ALL YOU CAN SPARE  
GOOD BOOKS ARE ON THE MARCH from your bookshelves to our fighting men. Get them out—leave them at the nearest collection center or public library for the 1943 VICTORY BOOK CAMPAIGN.

IN THE ARMY

Chicago: The following members of the Chicago Association of Credit Men joined the Army recently:

J. J. Heinrich, formerly of the Link-Belt Company, now stationed at Camp Adair, Oregon.

E. M. Aranoff, Central States Distributors, Inc., Camp Barkley, Texas.

Chester J. Bycek, Roberts & Oake, Inc., Fort Bragg, North Carolina.

James Benson, formerly of the Liquor Producers & Distributors Group, visited the Association offices recently on his way from Alaska to Washington, D. C. He is with the engineering corps.

Apparel Credit Men Headed by Wildstein

New York—The annual election meeting of the Conference of Apparel Credit Men, which is affiliated with the New York Credit Men's Ass'n, was held on Jan. 5 at the Aldine Club and featured an address by Henry H. Heimann, Exec.-Mgr.-on-leave of the NACM, as well as brief discussions by Harry Delaney, president of the Conference, Henry Waldman.

The new officers for the current year are: President, Henry Wildstein, Joseph S. Cohens & Son Co., Inc.; first vice-president, David Zelinka, Zelinka-Matlick, Inc.; second vice-president, David Greenberg, Borgenickt Bros., Inc.; secretary, Edw. L. Meyerson, Aywon Dress Co.; treasurer, Wm. Arlin, Richtone Dress Co.

The Board of Governors includes: Henry Waldman, Fierman Kolmer & Co., Inc.; Samuel S. Bemis, R. Kay Jr. Fox; Harry D. Laguna, Pat Hartley; Aaron Langer, Star Maid Dress, Inc.; Mark Levine, Siegel Bros.; Isadore Posner.

Chicago Forum Hears British Consul Jan. 6th

Chicago: H. H. Thomas, newly appointed British Consul in Chicago, was the speaker at the January Forum of the Chicago Association of Credit Men, Wednesday evening, January 6, 1943.

For four years prior to the outbreak of the war in the Pacific, Mr. Thomas was British Consul in Shanghai after having spent a number of years in Japan where he learned to speak Japanese. At Shanghai, Mr. Thomas had an opportunity to observe close at hand the clash of Japanese interests and ambitions before the Japanese military started the war.

Following Pearl Harbor and up to August 17, 1942, Mr. Thomas was held in "Protective Custody" by the Japs in Shanghai. He was later exchanged in Lourenco-Marques in Portuguese East Africa and came to Chicago by way of London, leaving his wife and children in Africa.

Mr. Thomas gave a splendid address and closed by saying that in his opinion the war with the Japanese will continue for a long time to come.

Construction Machinery Credit Group Holds Two Day Meet in Chicago

Chicago: Delegates were present from all sections of the midwest and the east at the annual Midwinter Conference of the National Construction Machinery Credit Group of the Chicago Association of Credit Men in Chicago, January 13 and 14.

At the luncheon on Wednesday, Hugh Siddall, Chairman of the board of the Transcontinental and Western Passenger Association, spoke on the subject, "War Problems of the Railroads."

Other speakers on the program were: Floyd McCullough, assistant chief WPB Priorities Analyst, who spoke on "The Controlled Materials Plan". Matt Lorenz, Federal Department of Internal Revenue, spoke on "The Victory Tax and 1942 Tax Specials." A. J. Peltier, Industrial Brownhoist Company, Bay City, Michigan, led a general discussion on present day problems.

The conference devoted most of its time to reports of committees and the discussion of accounts.

Post-War Policy

Binghamton: Rabbi A. J. Rosenbaum was the speaker at the Jan. 21 meeting of the Triple Cities Credit Women's Club, held at the Binghamton Club. His subject was "Isolation or Intervention as a Post-War Policy."

The many friends of Miss Bess Havens, secretary of the Triple Cities Association of Credit Men, will be glad to hear that Miss Havens has sufficiently recovered from a recent fall on an icy pavement to resume her duties at the First National Bank and also in connection with the association.



## Pittsburgh Herd Adopts Air Cadet; Provides Operation

*Pittsburgh*—At the September Roundup of the Pittsburgh Herd, Grand Exalted Superzeb "Dick" Fried placed before the Herd the matter of making a donation to the American Flying Services Foundation, New York, explaining that the Foundation would assist financially a worthy candidate for the Air Corps of the Army, Navy, or Marines who had some curable physical defect which when corrected would enable him to pass the physical examination.

The Herd unanimously approved a donation, but the officers decided every attempt should be made to find a local boy. In the course of the investigation of American Flying Services Foundation, Zebratary Hohman consulted with Captain Floro, Pittsburgh Recruiting Officer for the Army Air Force. Besides speaking very highly of the foundation, the Captain also expressed himself pleased that any organization would be willing to assist a worthy prospective air cadet.

At a later date, Captain Floro submitted a list of applicants, from which a young man was selected, who needed an operation to enable him to pass the Air Corps physical examination. The matter had to be handled with some dispatch and on the basis of the investigation of Exalted Superzeb Roy C. Willey and other officers, it was felt that the case was worthy and that we could handle it direct without going to the Foundation.

The "Adopted Pilot" of the Pittsburgh Herd who is going to fly the R. O. Z. colors is Clifford E. Gedekoh of Walker Heights, Elizabeth, Pa. He is a typical steel town boy. In his senior year at high school, he took a course in welding at a Defense Training School, and later a State College extension course in blue print drawing and sketching. When he entered the hospital, he was working for the Westinghouse Electric and Manufacturing Co.—strictly defense work.

Clifford has always been interested in aviation and aerial photography, and among his hobbies are drawing, sketching and amateur photography. He has also manifested an interest in astronomy, having worked in conjunction with a neighbor in making telescopes for study of the stars and planets.

The Pittsburgh Herd is proud of its "Adopted Pilot" who, at this writing, is convalescing from his operation and will, we hope, soon be on his way for basic training.

*Louisville*: The Louisville NIC Chapter at its next meeting on Tuesday evening, Feb. 9, will hear T. V. Ponder of Ponder, Hart and Co. speak on the subject "What to Do After the Firemen Leave." In January the local Chapter had as its guest speaker G. C. Klippel of Van Camp Hardware and Iron Co., Indianapolis. Mr. Klippel discussed "Appraising the Credit Risk Under Present Conditions."

## Paul Haase Named Natl. Director by Publicity Assn.

*New York*: Having completed, in January, his term of office as President of the New York Conference on Association Publicity, a post which he held during the past year, Paul Haase, Director of Public Relations of the National Ass'n of Credit Men, was elected a National Director late in January, of the National Association of Publicity Directors, for a three-year term. The Conference on Association Publicity is an organization of Public Relations Directors of various business and professional associations in the New York area. The National Association of Publicity Directors has chapters in various parts of the country and includes accredited publicity directors and the heads of publicity agencies.

## Providence Hears Arbitration Talk

*Providence*: For its Jan. 28 meeting at the Narragansett Hotel, the Rhode Island Ass'n of Credit Men had as its featured speaker J. Noble Braden, Tribunal Vice-President of the American Arbitration Ass'n, who discussed "Arbitration in Commercial and Labor Relations."

Three local men have recently been advanced in their positions. Rupert C. Thompson, Jr., one of the local Association's Directors, has been elevated to the Presidency of the Providence National Bank, while George P. Buell was named Vice-President and Cashier, and Wm. H. Swift, 3rd, was elevated to Vice-President and Secretary.

## Credit Front and Fighting Fronts

*Oakland*: The Wholesalers Credit Association of Oakland, Calif., the local affiliate of the NACM, has programmed a series of 12 special blotters which it will send out month by month during 1943. The blotters tie-in the "Credit Front," the various service activities of the local Association, with the theme of "American Fronts," a series of brief items about the various points at which Americans are now fighting.

*Minneapolis*: The Minneapolis Wholesale Credit Women's Club featured a letter writing clinic at their Jan. 14 meeting held at the Y.W.C.A. Letters were submitted by the members, discussed and criticized and a general discussion held on the psychology of credit letters. The meeting was both interesting and educational.

*Minneapolis*: M. E. Salisbury, of the Salisbury Satterlee Company, has been named President of the National Association of Bedding Manufacturers. Mr. Salisbury is a past Director of the National Association of Credit Men and a past President of the Minneapolis Association of Credit Men.

## Thurman Arnold Addresses 48th New York Banquet

*New York*—The 48th Annual Banquet of the New York Credit Men's Ass'n will be held at the Hotel Waldorf Astoria in the Grand Ballroom, on Tuesday, Feb. 2. The featured speaker will be Thurman W. Arnold, Ass't Attorney General of the Anti-Trust Division, U. S. Dept. of Justice, who will speak on "Government Plans in Connection with Post-War Policies." He will be followed by Henry J. Taylor, ace correspondent, business man and economist.

## A. F. Barnes Dies in St. Louis

*St. Louis*: A. F. Barnes, a former President of the Robert Morris Association and President of the Manufacturers' Bank and Trust Co., died recently in St. Louis. He was a prominent member of the St. Louis Association of Credit Men.

## Our Distaff Side

*Chicago*: Miss Elizabeth N. Wilson, Assistant Director of the Immigrants' Protective League, was the scheduled speaker at the monthly dinner of the Credit Women's Club of the Chicago Association of Credit Men, Tuesday evening, January 12. Her subject was "The Alien in War Time."

*Birmingham*: The Wholesale Credit Women's Club of Birmingham, Alabama, met on December 5th, 1942, and elected the following officers to serve for the ensuing year: Mrs. Lydia Box, president; Cordelia Garrett, vice-president; Mrs. Emelene Zarsaur, treasurer; Edna Dorrough, secretary.

## Employment Mart

CREDIT, COLLECTION MANAGER and ACCOUNTANT Graduate with 30 years' experience, would like connection with progressive Manufacturer or Wholesaler requiring dependable Executive to accept responsibility of their Credit and Collection Dept. Excellent proven record, losses lower anticipated average. Married, age 55, in perfect health. Unusual fine references. Address Box 20-AB.

CREDIT MANAGER, Credit Man, eleven years' experience all phases retail and industrial credits, financial analysis, three years Chief Clerk, major oil company. University education, accounting graduate, Fellow and Associate National Institute of Credit. Age 38. Married. Citizen. Address Box 21-AB.

## Last Call for 1943 Credit Manual



## **Trials of Small Business in War**

(Continued from Page 30)

Small Business had made the effort and those who were successful in securing war orders had applied the old adage that "Anything worth while possessing must be worth while working for," and they weren't afraid to attempt something different even with some risks beyond their usual practices.

It should be noted in passing, that a very large number of small enterprises are "one man units." The owner or manager usually is responsible to no one but himself and therefore handles practically all departments of his business so that any change naturally upsets his regular habits and customs, thus in all fairness to the W.P.B., in some instances these individuals were so busy with their own current problems that they failed to sell themselves or their facilities to those who might have helped them.

I would like to report here that not one single concern refused or was too busy to give us his full cooperation in my area in this campaign for facts.

First, of the hundred per cent reporting, 25 per cent had, by dint of hard work secured regular war work with good prospects of its continuance—which proves that small business is capable of looking out for itself if given any reasonable amount of cooperation.

Second, about 25 per cent more were still holding on to goods manufactured for civilian uses and were seeking to meet the shock of future curtailments by searching for some war work.

Third, perhaps 20 per cent, or even less, were forced to close their doors due to the nature of their business or not being easily converted to the "cause" or because the owner, who was past the prime of life took the position that the reward was not worth the effort and used the emergency as an excuse to retire from business and liquidate his assets at a time when values were higher than normal.

Fourth, a fairly large percentage had a limited amount of both war and civilian work, but could have secured large amounts of contracts.

# **Business Thermometer**

## *Wholesalers' Sales, Inventories and Credits* *November, 1942*

**EN** Sales of wholesalers advanced 10 per cent in November, 1942, over the same month a year ago, according to an announcement released today by J. C. Capt, Director of the Census. The gain reported in October of this year as compared with October, 1941, was also 10 per cent. A decrease of 14 per cent in sales was recorded for November, 1942, compared with the preceding month. Sales for the 11 months of 1942 were 15 per cent above those for the corresponding period of 1941.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following table in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

Twenty-six of the 35 trades for which separate data are presented in this report showed increases in sales for November of this year compared with November, 1941, and 9 showed decreases. Wholesalers of dry goods recorded an increase of 38 per cent; meats and meat products, 34 per cent; shoes and other footwear, 26 per cent; groceries and foods (full-line), 23 per cent; groceries and foods (voluntary-group), 22 per cent. In addition, gains were shown in sales of wholesalers of drugs and sundries (14 per cent), tobacco and its products (9 per cent), and petroleum (7 per cent). A number of decreases in wholesalers' dollar sales were also registered; notably, electrical goods, 8 per cent; plumbing and heating supplies, 10 per cent; automotive supplies and paper and its products, each 13 per cent; jewelry, 14 per cent; and general hardware and furniture and house furnishings, each 16 per cent.

Inventories, in terms of dollars

based on cost values, at the close of November dropped slightly compared with October, the eighth consecutive month when inventories at the end of the month were lower than those at the beginning. Inventories at the end of November, 1942, were 19 per cent below those for the same date last year, continuing the decline in evidence since the beginning of the year.

The stock-sales ratio for wholesalers at the close of November, 1942, was 121 as against 162 for November, 1941, and 103 for October, 1942. Of the 32 trades for which stock-sales ratios are shown, 29 registered decreases in their ratios for November, 1942, compared with those for November, 1941, and three showed increases. Full-line wholesalers of groceries and foods, with a 23 per cent increase in sales and a 14 per cent decrease in inventories, registered a stock-sales ratio of 146 for November, 1942, as compared with 206 for November a year ago. Shoes and other footwear wholesalers, with a sales gain of 26 per cent and a 12 per cent decrease in inventories, recorded a stock-sales ratio of 79 for November this year as against a ratio of 120 for November, 1941. Wholesalers of dry goods reported sales up 38 per cent, inventories down 4 per cent, and a stock-sales ratio of 146 compared with 200 a year ago; furniture and house furnishings wholesalers, sales down 16 per cent, inventories down 28 per cent, and a stock-sales ratio of 192 against 223 a year ago.

Collections on accounts receivable were up almost 25 per cent for November, 1942, compared with November, 1941, but down 4 per cent compared with October, 1942. The collection ratio for November of this year was 91; for November of last year, 73; and October, 1942, 95. Accounts receivable were 9 per cent less on November 1, 1942, than on November 1, 1941. Accounts receivable on November 1, 1942, were slightly below those recorded for the beginning of October, 1942.

**Last Call for  
1943 Credit Manual**

# Wholesalers' Sales and Inventories—November 1942

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios <sup>a</sup>		
	Number of firms reporting sales	Percent Change		November 1942 (Add 000)	Percent change from 11 Mos. 1941	Eleven Months 1942 (Add 000)	Number of firms reporting stocks	Percent Change		Nov. 30, 1942 (Add 000)	Nov. 1942	Nov. 1941	Oct. 1942
		Nov. 1942 vs. Nov. 1941	Nov. 1942 vs. Oct. 1942					Nov. 1942 vs. Nov. 1941	Nov. 1942 vs. Oct. 1942				
United States.....	2,765	+10	-14	\$304,389	+15	4,056,962	1,727	-19	-2	\$214,361	121	162	103
Automotive Supplies.....	209	-13	-6	4,434	-4	54,939	101	-21	-3	3,929	187	191	182
Chemicals (industrial).....	21	+11	b	2,089	+11	23,251	17	+8	+3	1,292	72	75	70
Paints and Varnishes.....	58	+10	+7	3,606	+10	38,617	13	-3	-2	1,229	192	213	177
Clothing and Furnishings, except Shoes.....	42	+17	-18	3,403	+12	40,101	23	-5	-9	971	104	127	92
Shoes and Other Footwear.....	31	+26	-28	15,562	+23	190,880	19	-12	+7	4,994	79	120	51
Coal.....	7	+10	-11	1,004	+20	18,588	c	c	c	c	c	c	c
Drugs and Sundries (liquor excluded).....	123	+14	-14	21,572	+14	256,134	97	-4	+1	27,847	164	195	138
Dry Goods.....	93	+38	-9	19,360	+27	195,377	52	-4	-13	18,376	146	200	148
Electrical Goods.....	319	-8	-11	27,803	-3	389,782	279	-50	-7	17,331	65	122	62
Dairy and Poultry Products.....	28	+34	-7	3,117	+35	32,471	13	-53	-22	212	25	66	31
Fresh Fruits and Vegetables.....	79	+6	b	3,064	+24	62,121	52	-10	-5	516	24	26	25
Farm Supplies.....	9	+9	-23	365	+45	8,998	c	c	c	c	c	c	c
Furniture and House Furnishings.....	59	-16	-17	5,358	+5	99,836	33	-28	+10	7,676	192	223	139
Groceries and Foods, except Farm Products.....	596	+25	-12	54,592	+16	759,727	363	-15	-1	44,983	139	202	121
Full-line Wholesalers.....	317	+23	-15	24,635	+16	310,758	193	-14	-1	22,252	146	206	124
Voluntary-group Wholesalers.....	141	+22	-12	18,026	+14	263,531	99	-20	-2	16,091	159	240	141
Retailer-cooperative Warehouses.....	19	+15	-11	3,872	+14	50,215	10	-11	-2	2,786	112	137	98
Specialty Lines.....	119	+45	-2	8,059	+21	135,223	61	-7	+3	3,854	84	132	77
Confectionery.....	36	+51	-3	1,105	+32	10,008	20	-20	-15	300	55	102	60
Meats and Meat Products.....	93	+34	-12	33,239	+46	393,819	68	+9	+8	6,127	43	52	35
Beer.....	59	+25	-11	1,238	+22	13,962	48	+38	-2	548	53	47	50
Wines and Liquors.....	29	+29	-44	4,251	+33	77,450	20	b	b	6,631	181	228	96
Liquor Department of Other Trades.....	35	+12	-52	5,410	+46	73,508	34	-32	+3	7,760	145	238	67
Total Hardware Group.....	351	-11	-15	34,542	+11	576,813	219	-27	-2	39,452	183	212	156
General Hardware.....	141	-16	-16	20,312	+6	324,831	87	-30	-2	28,056	212	238	179
Industrial Supplies.....	108	+2	-13	8,883	+21	172,861	69	-9	-3	8,422	152	173	132
Plumbing and Heating Supplies.....	102	-10	-12	5,347	+8	79,121	63	-36	-3	2,974	104	145	95
Jewelry.....	34	-14	-14	2,250	+5	27,835	21	-3	-5	2,231	155	152	143
Optical Goods.....	18	+9	-9	318	+9	3,937	8	+8	+1	207	158	159	144
Lumber and Building Materials.....	50	+7	-14	4,348	+11	59,538	34	-17	b	2,617	93	129	80
Machinery, Equipment and Supplies, except Electrical.....	57	-6	-18	2,118	+7	47,170	41	-9	-1	2,628	143	150	121
Surgical Equipment and Supplies.....	20	+9	-6	390	+23	15,002	11	+9	b	405	205	207	192
Metals.....	31	-2	-23	4,273	-8	67,267	16	-20	+8	3,606	111	147	74
Paper and Its Products.....	92	-13	-4	6,115	+3	86,139	42	+5	-2	5,082	161	129	152
Petroleum.....	10	+7	+5	22,886	+12	230,591	7	-20	-6	874	65	84	68
Tobacco and Its Products.....	138	+9	-15	14,310	+12	171,362	52	-4	-15	4,046	56	65	58
Leather and Shoe Findings.....	16	+45	-8	355	+40	3,898	c	c	c	c	c	c	c
Miscellaneous.....	22	+5	-10	1,912	+11	27,841	24	-5	-4	2,491	185	171	170

<sup>a</sup> These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.  
<sup>d</sup> Not affiliated with voluntary or cooperative groups.

<sup>b</sup> Less than 0.5 percent.

<sup>c</sup> Insufficient data to show separately.

<sup>e</sup> Chiefly of the wholesale drug trade.

## Wholesalers' Accounts Receivable and Collections—November 1942

Kind of Business	Collection Percentages <sup>a</sup>				Accounts Receivable		
	Number of firms reporting	November 1942	November 1941	October 1942	Percent change		As of November 1, 1942 (Add 000)
					Nov. 1942 vs. Nov. 1941	Nov. 1942 vs. Oct. 1942	
United States.....	2,272	91	73	95	-9	-2	\$284,508
Automotive Supplies.....	158	84	69	86	-35	+2	3,472
Chemicals (industrial).....	21	87	87	96	b	+2	2,030
Paints and Varnishes.....	25	60	49	61	-15	-7	1,316
Clothing and Furnishings, except Shoes.....	37	69	54	66	-7	-2	6,080
Shoes and Other Footwear.....	28	73	50	74	-9	-13	11,666
Coal.....	7	77	75	81	+12	+5	1,385
Drugs and Sundries (liquor excluded).....	113	82	59	86	-11	+4	25,175
Dry Goods.....	84	64	47	63	-6	-4	31,161
Electrical Goods.....	297	73	67	72	-10	-2	40,279
Dairy and Poultry Products.....	22	138	123	146	+19	b	1,994
Fresh Fruits and Vegetables.....	61	169	149	179	+7	+1	1,117
Farm Supplies.....	6	114	100	125	+12	+20	351
Furniture and House Furnishings.....	49	69	54	68	-30	-2	8,039
Groceries and Foods, except Farm Products.....	452	118	93	125	-2	-1	38,561
Full-line Wholesalers.....	228	109	89	120	b	b	18,203
Voluntary-group Wholesalers.....	116	132	97	133	-12	-6	11,971
Retailer-cooperative Warehouses.....	16	191	154	203	-7	b	1,736
Specialty Lines.....	92	97	78	104	+14	+6	6,651
Confectionery.....	21	94	71	95	+17	+8	582
Meats and Meat Products.....	83	196	166	217	+3	-14	15,458
Beer.....	26	121	103	130	+3	-4	341
Wines and Liquors.....	23	131	87	77	+44	-23	4,061
Liquor Department of Other Trades.....	33	79	71	96	+74	+37	11,044
Total Hardware Group.....	327	81	64	81	-24	-6	43,587
General Hardware.....	130	83	63	82	-31	-9	25,651
Industrial Supplies.....	98	82	76	83	-3	-5	10,401
Plumbing and Heating Supplies.....	99	73	55	73	-20	+3	7,535
Jewelry.....	28	43	19	43	-38	+4	3,765
Optical Goods.....	15	85	66	85	-13	-3	332
Lumber and Building Materials.....	47	82	75	87	-8	+2	5,322
Machinery, Equipment, and Supplies, except Electrical.....	50	81	77	80	-5	+7	2,623
Surgical Equipment and Supplies.....	19	62	49	61	-19	-2	572
Metals.....	30	100	100	119	-2	+6	4,723
Paper and Its Products.....	77	70	69	72	-21	+2	7,392
Petroleum.....	7	161	130	160	-15	-3	824
Tobacco and Its Products.....	94	133	118	141	+5	+1	8,690
Leather and Shoe Findings.....	13	73	48	77	-15	-5	281
Miscellaneous.....	19	89	76	84	+4	+5	2,285

<sup>a</sup> Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.  
<sup>b</sup> Less than 0.5 percent.